

PRINCE ALBERT

MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2018

PRINCE ALBERT LOCAL MUNICIPALITY

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PRINCE ALBERT LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

GENERAL INFORMATION

NATURE OF BUSINESS

PRINCE ALBERT Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The PRINCE ALBERT Municipality includes the following areas:

Prince Albert
Klaarstroom
Leeu Gamka

EXECUTIVE MAYOR

G. Lottering

DEPUTY EXECUTIVE MAYOR

L. Jaquet

SPEAKER

S. Botes

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor
Deputy Executive Mayor
Speaker

G. Lottering
L. Jaquet
S. Botes

MUNICIPAL MANAGER

Mr. H Mettler

CHIEF FINANCIAL OFFICER

Mr. J Neethling

REGISTERED OFFICE

23 Church Street
Prince Albert
6730
Private Bag X53
PRINCE ALBERT
6730

AUDITORS

Office of the Auditor General (WC)

PRINCE ALBERT LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

GENERAL INFORMATION

PRINCIPLE BANKERS

ABSA Bank, Prince Albert

ATTORNEYS

Riaan Coetzee

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

WARD

Ward
Ward
Ward
Ward
Proportional
Proportional
Proportional

COUNCILLOR

G. Lottering
M.D. Jaftha
E. Maans
L. Jaquet
S. Piedt
S. Botes
R.M. Steyn

PRINCE ALBERT LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2018, which are set out on pages 1 to 98 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis.

Mr. H Mettler
Accounting Officer

Date

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 Final R	2017 Restated R
ASSETS			
Non-Current Assets		141 357 258	135 936 361
Property, Plant and Equipment	2	127 604 707	122 088 919
Investment Property	3	13 632 149	13 728 153
Intangible Assets	4	120 402	119 289
Current Assets		34 914 925	34 961 183
Inventory	6	715 375	574 437
Receivables from Exchange Transactions	7	1 746 513	1 781 898
Receivables from Non-exchange Transactions	8	1 435 797	1 214 420
Unpaid Transfers and Subsidies	16	1 895 217	-
Operating Lease Asset	5	41 199	5 493
Value Added Tax	17	3 666 732	3 126 245
Cash and Cash Equivalents	9	25 414 091	28 258 691
Total Assets		176 272 182	170 897 544
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		25 341 350	24 502 607
Long-term Borrowings	10	4 750	65 905
Non-current Provisions	11	19 032 273	18 998 008
Non-current Employee Benefits	12	6 304 327	5 438 694
Current Liabilities		7 925 632	12 906 322
Consumer Deposits	13	447 761	432 955
Current Employee Benefits	14	2 144 228	1 746 871
Trade and Other Payables from Exchange Transactions	15	2 954 015	8 027 860
Unspent Transfers and Subsidies	16	2 318 472	1 782 160
Cash and Cash Equivalents	9	-	847 182
Current Portion of Long-term Borrowings	10	61 155	69 296
Total Liabilities		33 266 982	37 408 929
Net Assets		143 005 201	133 488 615
Capital Replacement Reserve	19	13 160 543	1 211 687
Accumulated Surplus		129 844 658	132 276 928
Total Net Assets and Liabilities		176 272 182	170 897 544

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 R	2017 Previous	Reclassification ito mSCOA	2017 Reclassified	Correction of Error	2017 Restated
REVENUE							
Revenue from Non-exchange Transactions		50 820 806	55 862 199	1 713 237	57 575 435	120 000	57 455 435
Taxation Revenue		3 299 241	2 873 491	-	2 873 491	-	2 873 491
Property Rates	20	3 165 948	2 873 491	-	2 873 491	-	2 873 491
Surcharges and Taxes		133 293	-	-	-	-	-
Transfer Revenue		40 745 637	40 996 922	1 707 127	42 704 049	120 000	42 584 049
Government Grants and Subsidies - Operating	21	23 890 867	21 712 764	1 833 999	23 546 763	120 000	23 426 763
Government Grants and Subsidies - Capital	21	10 725 785	14 816 418	(126 872)	14 689 546	-	14 689 546
Public Contributions and Donations	22	5 000	-	-	-	-	-
Service in kind	55	3 585 511	3 067 740	-	3 067 740	-	3 067 740
Contributed Property, Plant and Equipment	22	2 538 473	1 400 000	-	1 400 000	-	1 400 000
Other Revenue		6 775 929	11 991 786	6 110	11 997 896	-	11 997 896
Actuarial Gains	12	263 831	73 186	-	73 186	-	73 186
Fines, Penalties and Forfeits	23	6 512 098	11 918 600	6 110	11 924 710	-	11 924 710
Revenue from Exchange Transactions		25 674 860	26 479 330	(1 761 487)	24 717 843	5 228	24 712 615
Service Charges	25	21 203 159	20 931 398	10 461	20 941 859	21 412	20 920 447
Rendering of Services	26	266 166	-	244 613	244 613	-	244 613
Rental from Fixed Assets	27	486 690	387 545	(140)	387 405	(10 739)	398 144
Interest Earned - External Investments	28	2 588 273	2 282 808	-	2 282 808	-	2 282 808
Interest Earned - Exchange Transactions	29	573 253	510 251	-	510 251	-	510 251
Licences and Permits	24	261 966	262 666	-	262 666	-	262 666
Other Income from Exchange Transactions		-	2 104 661	(2 104 661)	-	-	-
Operational Revenue	30	295 353	-	88 240	88 240	(5 445)	93 686
Total Revenue		76 495 666	82 341 529	(48 250)	82 293 278	125 228	82 168 050

	Notes	2018 R	2017 Previous	Reclassification ito mSCOA	2017 Reclassified	Correction of Error	2017 Restated
EXPENDITURE							
Employee related costs	31	20 337 691	14 116 043	1 456 604	15 572 647	-	15 572 647
Remuneration of Councillors	32	2 928 175	2 626 667	-	2 626 667	-	2 626 667
Contracted Services	34	7 150 151	5 828 470	1 705 289	7 533 759	74 530	7 608 289
Depreciation and Amortisation	35	5 463 061	5 591 297	-	5 591 297	(209 662)	5 381 635
Repairs and Maintenance		-	1 217 131	(1 217 131)	-	-	-
Actuarial Losses	12	55 252	261 030	-	261 030	-	261 030
Finance Costs	36	1 158 097	1 751 406	(457 331)	1 294 075	-	1 294 075
Bulk Purchases	37	9 522 208	7 921 716	1 808 018	9 729 734	-	9 729 734
Inventory Consumed	38	1 178 371	-	1 041 682	1 041 682	(3 771)	1 037 911
Transfers and Subsidies	39	380 000	-	115 000	115 000	-	115 000
General expenditure		-	12 827 564	(12 827 564)	-	-	-
Operational Costs	40	8 666 143	-	8 375 433	8 375 432	(11 469)	8 363 963
Total Expenditure		56 839 148	52 141 324	-	52 141 324	(150 372)	51 990 952
Operating Surplus for the Year		19 656 518	30 200 205	(48 250)	30 151 954	(25 144)	30 177 098
Contribution to Impairment Loss on Receivables	33	(8 657 614)	(11 581 655)	-	(11 581 655)	-	(11 581 655)
Loss on Disposal of Fixed Assets	42	(703 583)	(47 946)	4	(47 942)	-	(47 942)
Impairment Loss on Fixed Assets	43	(1 227 592)	-	48 246	48 246	-	48 246
NET SURPLUS FOR THE YEAR		9 067 729	18 570 603	-	18 570 603	(25 144)	18 595 747

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Capital Replacement Reserve	Accumulated Surplus	Total
	R	R	R
Balance at 1 July 2016	1 469 160	110 354 698	111 823 858
Restated balance	1 469 160	110 354 698	111 823 858
Net Surplus for the year	-	21 664 755	21 664 755
Net Surplus previously reported	-	18 595 747	18 595 747
Effects of Correction of Errors - note 45	-	3 069 008	3 069 008
Transfer to/from CRR	(257 473)	257 473	-
Balance at 30 June 2017	1 211 687	132 276 926	133 488 613
Restated balance	1 211 687	132 276 926	133 488 613
Net Surplus for the year	-	9 067 729	9 067 729
Transfer to/from CRR	11 500 000	(11 500 000)	-
Asset Disposals	448 856	-	448 856
Balance at 30 June 2018	13 160 543	129 844 655	143 005 198

PRINCE ALBERT LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 R	2017 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Ratepayers and Other	46	25 692 764	18 111 823
Government - Operating		23 750 907	23 426 763
Government - Capital		10 609 000	14 689 546
Interest	28 & 29	3 161 526	2 793 059
Cash payments			
Suppliers and Employees	46	(53 205 714)	(41 233 007)
Finance Charges	36	(1 158 097)	(1 294 075)
Transfers and subsidies	39	(380 000)	(115 000)
Net Cash from Operating Activities	46	8 470 386	16 379 109
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	2	(10 841 393)	(15 772 549)
Proceeds on Disposal of Fixed Assets	2	448 856	-
Purchase of Intangible Assets	4	(20 777)	(22 753)
Net Cash from Investing Activities		(10 413 314)	(15 795 302)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans Repaid	10	(69 296)	(70 159)
New Loans Raised	10	-	131 577
Increase in Consumer Deposits	13	14 806	18 051
Net Cash from Financing Activities		(54 489)	79 469
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1 997 418)	663 276
Cash and Cash Equivalents at the beginning of the year		27 411 509	26 748 233
Cash and Cash Equivalents at the end of the year	58	25 414 091	27 411 509
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1 997 418)	663 276

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome	Difference	Actual Outcome as % of Final Budget	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	R	R	R	R	2018 R		%	
ASSETS								
Current Assets								
Cash	4 042 000	(2 642 000)	1 400 000	1 400 000	339 541	(1 060 459)	-76%	Increase in debt impairment led to an decrease in cash.
Call Investment Deposits	15 000 000	14 000 000	29 000 000	29 000 000	25 074 550	(3 925 450)	-14%	Increase in debt impairment led to an decrease in cash.
Consumer Debtors	4 358 236	(1 029 236)	3 329 000	3 329 000	1 746 513	(1 582 487)	-48%	Increase in debt impairment led to an decrease in debtors outstanding at year end.
Other Debtors		3 200 000	3 200 000	3 200 000	5 143 728	1 943 728	61%	Increase in taxes owed to the municipality from the receiver of revenue.
Unpaid Transfers and Subsidies		-		-	1 895 217	1 895 217	0%	Overspent on INEP grant as approved by Dpt of Energy for due to a timing difference.
Inventory		575 000	575 000	575 000	715 375	140 375	24%	Increase in Inventory due to projects not completed at year end and was not WIP therefore taken to inventory.
Total Current Assets	23 400 236	14 103 764	37 504 000	37 504 000	34 914 925	(2 589 075)	-7%	
Non-Current Assets								
Investment Property	13 288 164	-	13 288 164	13 288 164	13 632 149	343 985	3%	Not material.
Property, Plant and Equipment	108 402 029	8 854 500	117 256 529	117 256 529	127 604 707	10 348 178	9%	Not material.
Intangible Assets	111 318	7 982	119 300	119 300	120 402	1 102	1%	Not material.
Total Non-Current Assets	121 801 511	8 862 482	130 663 993	130 663 993	141 357 258	10 693 265	8%	
TOTAL ASSETS	145 201 747	22 966 246	168 167 993	168 167 993	176 272 183	8 104 190	5%	
LIABILITIES								
Current Liabilities								
Borrowing	37 531	31 765	69 296	69 296	61 155	(8 141)	-12%	Not material.
Consumer Deposits	414 906	18 049	432 955	432 955	447 761	14 806	3%	Not material.
Trade and Other Payables	7 651 003	-	7 651 003	7 651 003	5 272 488	(2 378 515)	-31%	A general decrease in creditors at year end due to better financial management.
Provisions	300 522	-	300 522	300 522	2 144 228	1 843 706	614%	Not budgeted for correctly.
Total Current Liabilities	8 403 962	49 814	8 453 776	8 453 776	7 925 632	(528 144)	-6%	
Non-Current Liabilities								
Borrowing	36 251	(12 000)	24 251	24 251	4 750	(19 501)	-80%	Not material.
Provisions	25 622 412	(1 011 404)	24 611 008	24 611 008	25 336 600	725 592	3%	Actuarial reports showed an increase that was not budgeted for correctly.
Total Non-Current Liabilities	25 658 663	(1 023 404)	24 635 259	24 635 259	25 341 350	706 091	3%	
TOTAL LIABILITIES	34 062 625	(973 590)	33 089 035	33 089 035	33 266 982	177 947	1%	
NET ASSETS								
Accumulated Surplus	110 839 122	22 528 149	133 367 271	133 367 271	129 844 658	(3 522 613)	-3%	
Reserves	300 000	1 411 687	1 711 687	1 711 687	13 160 543	11 448 856	669%	
TOTAL NET ASSETS	111 139 122	23 939 836	135 078 958	135 078 958	143 005 201	7 926 243	6%	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome	Difference	Actual Outcome as % of Final Budget	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	R	R	R	R	2018 R	R	%	
REVENUE								
Property Rates	3 060 000	-	3 060 000	3 060 000	3 165 948	105 948	3%	Not material.
Service Charges - Electricity Revenue	13 565 000	(380 000)	13 185 000	13 185 000	13 441 061	256 061	2%	Not material.
Service Charges - Water Revenue	3 825 500	(670 500)	3 155 000	3 155 000	3 318 827	163 827	5%	Not material.
Service Charges - Sanitation Revenue	2 636 700	(42 700)	2 594 000	2 594 000	2 905 830	311 830	12%	Increase due to more suction.
Service Charges - Refuse Revenue	1 479 400	(46 400)	1 433 000	1 433 000	1 537 441	104 441	7%	Not material.
Rental of Facilities and Equipment	437 500	24 000	461 500	461 500	486 690	25 190	5%	Not material.
Interest Earned - External Investments	1 060 000	1 320 000	2 380 000	2 380 000	2 588 273	208 273	9%	Not material.
Interest Earned - Outstanding Debtors	780 000	(250 000)	530 000	530 000	573 253	43 253	8%	Not material.
Service in kind	-	-	-	-	3 585 511	3 585 511	100%	Budgeted for under other revenue.
Contributed Property, Plant and Equipment	-	-	-	-	2 538 473	2 538 473	100%	Not budgeted for
Fines	4 012 500	(300 000)	3 712 500	3 712 500	6 512 098	2 799 598	75%	Not budgeted for correctly. Fines increased better than expected.
Licences and Permits	180 000	28 000	208 000	208 000	261 966	53 966	26%	Not material.
Transfers Recognised - Operational	36 050 450	(952 000)	35 098 450	35 098 450	23 895 867	(11 202 583)	-32%	Not budgeted for correctly.
Other Revenue	1 565 000	3 612 700	5 177 700	5 177 700	825 350	(4 352 350)	-84%	Reclassifications due to mSCOA lead to amounts being classified separately from other revenue to service in kind.
Total Revenue (excluding capital transfers and contributions)	68 652 050	2 343 100	70 995 150	70 995 150	65 769 881	(5 225 269)	-7%	
EXPENDITURE								
Employee Related Costs	18 609 890	(719 000)	17 890 890	17 890 890	20 337 691	2 446 801	14%	Reclassification of PMU staff salaries.
Remuneration of Councillors	2 915 000	-	2 915 000	2 915 000	2 928 175	13 175	0%	Not material.
Debt Impairment	5 449 000	-	5 449 000	5 449 000	8 657 614	3 208 614	59%	Increase in provision for bad debts due to debtors not paying.
Depreciation and Asset Impairment	2 813 000	-	2 813 000	2 813 000	5 463 061	2 650 061	94%	Increase from Landfill site depreciation.
Actuarial Losses	-	-	-	-	55 252	55 252	100%	Not material.
Finance Charges	85 000	(30 000)	55 000	55 000	1 158 097	1 103 097	2006%	Increase from Landfill site finance charges.
Bulk Purchases	8 474 000	(574 000)	7 900 000	7 900 000	9 522 208	1 622 208	21%	Increase of 430 houses newly erected that lead to an increase in bulk purchases.
Other Materials	2 033 500	(27 500)	2 006 000	2 006 000	1 178 371	(827 629)	-41%	Reclassification due to mSCOA.
Contracted Services	18 258 420	(10 515 500)	7 742 920	7 742 920	7 150 151	(592 769)	-8%	Reclassification due to mSCOA.
Transfers and Grants	-	-	-	-	380 000	380 000	100%	Reclassification due to mSCOA.
Other Expenditure	9 714 470	14 710 970	24 425 440	24 425 440	8 666 143	(15 759 297)	-65%	Reclassification due to mSCOA.
Loss on Disposal of PPE	-	-	-	-	1 931 175	1 931 175	100%	Not budgeted for.
Total Expenditure	68 352 280	2 844 970	71 197 250	71 197 250	67 427 937	(3 769 313)	-5%	
Surplus	299 770	(501 870)	(202 100)	(202 100)	(1 658 056)	(1 455 956)	720%	
Transfers Recognised - Capital	-	8 228 486	8 228 486	8 228 486	10 725 785	2 497 299	30%	
Surplus after Capital Transfers & Contributions	299 770	7 726 616	8 026 386	8 026 386	9 067 729	1 041 343	13%	

**PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018**

	Original Budget	Final Adjustment Budget	Final Budget	Actual Outcome	Difference	Actual Outcome as % of Final Budget	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	R	R	R	2018 R		%	
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Ratepayers and Other	31 166 000	2 225 100	33 391 100	25 692 764	(7 698 336)	-23%	Cashflow not budgeted for correctly due to mSCOA amendments.
Government - Operating	35 646 000	(952 000)	34 694 000	23 750 907	(10 943 093)	-32%	Cashflow not budgeted for correctly due to mSCOA amendments.
Government - Capital	-	-	-	10 609 000	10 609 000	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
Interest	1 840 000	1 070 000	2 910 000	3 161 526	251 526	9%	Cashflow not budgeted for correctly due to mSCOA amendments.
Payments							
Suppliers and Employees	(65 616 890)	(2 874 970)	(68 491 860)	(53 205 714)	15 286 146	-22%	Cashflow not budgeted for correctly due to mSCOA amendments.
Finance costs	(85 000)	30 000	(55 000)	(1 158 097)	(1 103 097)	2006%	Cashflow not budgeted for correctly due to mSCOA amendments.
Transfers and Grants	(2 650 000)	2 650 000	-	(380 000)	(380 000)	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
Net Cash from/(used) Operating Activities	300 110	2 148 130	2 448 240	8 470 386	6 022 146	245.98%	
CASH FLOW FROM INVESTING ACTIVITIES							
Receipts							
Purchase of Property, Plant and Equipment	-	-	-	(10 841 393)	(10 841 393)	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
Proceeds on Disposal of Fixed Assets	-	-	-	448 856	448 856	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
Purchase of Intangible Assets	-	-	-	(20 777)	(20 777)	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
Net Cash from/(used) Investing Activities	-	-	-	(10 413 314)	(10 413 314)	100%	
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts							
Short Term Loans	-	-	-	(69 296)	(69 296)	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
New Loans Raised	-	-	-	-	-	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
Increase in Consumer Deposits	-	-	-	14 806	14 806	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
Payments							
Repayment of Borrowing	-	-	-	-	-	100%	Cashflow not budgeted for correctly due to mSCOA amendments.
Net Cash from/(used) Financing Activities	-	-	-	(54 489)	(54 489)	100%	
NET INCREASE/(DECREASE) IN CASH HELD	300 110	2 148 130	2 448 240	(1 997 418)	(4 445 658)	-181.59%	
Cash and Cash Equivalents at the year begin:	28 258 691	-	-	27 411 509	27 411 509	100%	
Cash and Cash Equivalents at the year end:	28 558 801	2 148 130	2 448 240	25 414 091	22 965 851	938.06%	

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2018

	Cost/Revaluation								Accumulated Impairments				Accumulated Depreciation					Carrying Value	
	Opening Balance	Re-classification	Correction of Error	Additions	Work in Progress	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment		Closing Balance
Infrastructure																			
Roads	28 632 390	(1 803 344)	-	1 755 944	-	-	-	28 584 990	-	-	-	-	4 567 885	-	610 316	-	-	5 178 201	23 406 789
Electricity	8 562 242	-	-	512 962	2 528 709	-	-	11 603 913	-	-	-	-	1 387 870	-	165 041	-	-	1 552 911	10 051 002
Water Supply	32 922 079	1 803 344	-	276 617	3 959 205	-	-	38 961 244	-	-	-	-	4 276 509	-	717 201	-	-	4 993 710	33 967 534
Sanitation	29 336 906	-	-	441 482	-	-	-	29 778 387	-	-	-	-	2 771 941	-	761 450	-	-	3 533 391	26 244 997
Solid Waste	555 256	19 990	-	-	-	-	-	575 246	-	-	-	-	231 250	-	8 353	-	-	239 603	335 643
Landfill Site	10 482 505	-	-	-	-	-	(585 504)	9 897 001	(43 981)	22 715	-	(21 266)	3 572 225	-	2 272 440	-	-	5 844 665	4 073 602
	110 491 376	19 990	-	2 987 004	6 487 914	-	(585 504)	119 400 781	(43 981)	22 715	-	(21 266)	16 807 679	-	4 534 801	-	-	21 342 480	98 079 567
Community Assets																			
Community Facilities																			
Halls	6 057 279	60 900	-	-	-	-	-	6 118 179	35 400	-	-	35 400	296 444	-	61 850	-	-	358 294	5 724 486
Museums	1 137 000	108 000	-	-	-	-	-	1 245 000	-	-	-	-	92 193	-	14 716	-	-	106 908	1 138 092
Libraries	1 189 278	13 200	-	-	-	-	(3 050)	1 199 428	-	652 400	-	652 400	95 473	-	13 733	-	(1 525)	107 681	439 347
Cemeteries/Crematoria	51 650	-	-	-	-	-	-	51 650	-	-	-	-	-	-	-	-	-	-	51 650
Parks	-	116 500	-	-	-	-	-	116 500	101 500	-	(5 000)	96 500	-	-	-	-	-	-	20 000
Outdoor Facilities	10 821 975	84 570	-	2 538 473	-	-	(23 250)	13 421 769	-	185 000	-	185 000	23 850	-	63 906	-	(11 624)	76 132	13 160 637
	19 257 183	383 170	-	2 538 473	-	-	(26 300)	22 152 527	136 900	837 400	(5 000)	969 300	507 960	-	154 205	-	(13 149)	649 015	20 534 212

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

30 JUNE 2018 (Continue)

	Cost/Revaluation								Accumulated Impairments				Accumulated Depreciation					Carrying Value	
	Opening Balance	Re-classification	Correction of Error	Additions	Work in Progress	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment		Closing Balance
Other Assets																			
Land	3 956 771	(370 100)	-	-	-	-	-	3 586 671	1 407 985	911 970	(49 000)	2 270 955	-	-	-	-	-	-	1 315 716
Operational Buildings	4 020 549	(33 062)	-	59 895	-	-	(11 004)	4 036 378	468 087	35 700	(183 287)	320 500	262 103	-	41 639	-	-	303 742	3 412 136
Specialised Vehicles	2 465 824	-	-	-	-	-	(605 630)	1 860 195	109 176	-	(109 176)	-	526 554	-	335 912	-	(369 319)	493 147	1 367 047
Computer Equipment	910 070	12 646	-	264 784	-	-	(158 020)	1 029 481	-	-	-	-	481 376	-	72 477	-	(140 914)	412 940	616 541
Furniture and Office Equipment	1 338 561	(12 644)	-	108 004	-	-	(171 754)	1 262 167	-	-	-	-	811 471	-	62 379	-	(152 661)	721 189	540 979
Machinery and Equipment	731 959	-	-	85 091	-	-	(92 984)	724 066	-	-	-	-	398 459	-	64 387	-	(65 152)	397 694	326 372
Transport Assets	1 171 655	-	-	848 700	-	-	(213 304)	1 807 050	49 538	-	(49 538)	-	495 520	-	84 235	-	(110 102)	469 653	1 337 397
	14 595 390	(403 160)	-	1 366 474	-	-	(1 252 696)	14 306 008	2 034 786	947 670	(391 001)	2 591 455	2 975 483	-	661 030	-	(838 148)	2 798 365	8 916 188
Leases																			
Furniture and Office Equipment	255 037	-	-	-	-	-	-	255 037	-	-	-	-	91 240	-	89 054	-	-	180 294	74 742
	255 037	-	-	-	-	-	-	255 037	-	-	-	-	91 240	-	89 054	-	-	180 294	74 742
Total	144 598 985	-	-	6 891 952	6 487 914	-	(1 864 500)	156 114 352	2 127 705	1 807 785	(396 001)	3 539 489	20 382 362	-	5 439 090	-	(851 297)	24 970 155	127 604 708

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2.2 30 JUNE 2017

	Cost/Revaluation								Accumulated Impairments				Accumulated Depreciation					Carrying Value	
	Opening Balance	Re-classification	Correction of Error	Additions	Work in Progress	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment		Closing Balance
Infrastructure																			
Roads	26 131 002	-	-	269 364	2 232 024	-	-	28 632 390	-	-	-	-	3 949 252	-	618 634	-	-	4 567 885	24 064 505
Electricity	7 364 156	-	-	5 575 163	-	(4 361 538)	(15 539)	8 562 242	-	-	-	-	1 319 780	-	78 922	-	(10 832)	1 387 870	7 174 372
Water Supply	26 528 113	-	-	5 999 554	1 607 487	(1 213 076)	-	32 922 079	-	-	-	-	3 618 783	-	657 726	-	-	4 276 509	28 645 569
Sanitation	27 637 708	-	-	9 196 063	-	(7 496 865)	-	29 336 906	-	-	-	-	2 049 189	-	722 751	-	-	2 771 941	26 564 965
Solid Waste	292 901	-	-	262 354	-	-	-	555 256	-	-	-	-	225 223	1 117	4 910	-	-	231 250	324 006
Landfill Site	11 737 403	-	-	-	-	-	(1 254 898)	10 482 505	4 265	(48 246)	-	(43 981)	795 212	(209 662)	2 986 675	-	-	3 572 225	6 954 261
	99 691 282	-	-	21 302 499	3 839 511	(13 071 479)	(1 270 437)	110 491 376	4 265	(48 246)	-	(43 981)	11 957 439	(208 545)	5 069 618	-	(10 832)	16 807 679	93 727 679
Community Assets																			
Community Facilities																			
Halls	5 666 943	-	390 336	-	-	-	-	6 057 279	-	-	-	-	206 197	32 785	57 462	-	-	296 444	5 760 835
Museums	1 137 000	-	-	-	-	-	-	1 137 000	-	-	-	-	80 184	-	12 009	-	-	92 193	1 044 807
Libraries	1 177 450	-	11 828	-	-	-	-	1 189 278	-	-	-	-	83 036	-	12 437	-	-	95 473	1 093 806
Cemeteries/Crematoria	51 650	-	-	-	-	-	-	51 650	-	-	-	-	-	-	-	-	-	-	51 650
Outdoor Facilities	7 617 527	-	-	5 377 092	-	(2 172 643)	-	10 821 975	-	-	-	-	16 097	-	7 753	-	-	23 850	10 798 125
	15 650 570	-	402 164	5 377 092	-	(2 172 643)	-	19 257 183	-	-	-	-	385 514	32 785	89 662	-	-	507 960	18 749 223

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

30 JUNE 2017 (Continue)

	Cost/Revaluation								Accumulated Impairments				Accumulated Depreciation					Carrying Value	
	Opening Balance	Re-classification	Correction of Error	Additions	Work in Progress	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment		Closing Balance
Other Assets																			
Other Land	3 572 349	-	384 422	-	-	-	-	3 956 771	1 544 885	-	-	1 544 885	-	-	-	-	-	-	2 411 886
Operational Buildings	1 952 898	-	1 992 871	74 780	-	-	-	4 020 549	468 087	-	-	468 087	127 907	113 873	20 323	-	-	262 103	3 290 358
Specialised Vehicles	1 065 824	-	-	1 400 000	-	-	-	2 465 824	109 176	-	-	109 176	417 391	-	109 163	-	-	526 554	1 830 095
Computer Equipment	826 433	-	-	106 839	-	-	(23 202)	910 070	-	-	-	-	449 095	-	49 412	-	(17 131)	481 376	428 694
Furniture and Office Equipment	1 216 404	-	-	122 542	-	-	(385)	1 338 561	-	-	-	-	771 347	-	40 486	-	(362)	811 471	527 091
Machinery and Equipment	670 128	-	-	61 832	-	-	-	731 959	-	-	-	-	353 845	-	44 614	-	-	398 459	333 501
Transport Assets	1 171 655	-	-	-	-	-	-	1 171 655	49 538	-	-	49 538	399 937	-	95 584	-	-	495 520	626 596
	10 475 691	-	2 377 293	1 765 993	-	-	(23 586)	14 595 390	2 171 686	-	-	2 171 686	2 519 522	113 873	359 581	-	(17 493)	2 975 483	9 448 220
Leases																			
Furniture and Office Equipment	264 018	-	-	131 577	-	-	(140 558)	255 037	-	-	-	-	138 824	-	57 905	-	(105 489)	91 240	163 797
	264 018	-	-	131 577	-	-	(140 558)	255 037	-	-	-	-	138 824	-	57 905	-	(105 489)	91 240	163 797
Total	126 081 561		2 779 457	28 577 160	3 839 511	(15 244 122)	(1 434 582)	144 598 985	2 175 951	(48 246)	-	2 127 705	15 001 298	(61 887)	5 576 766	-	(133 814)	20 382 362	122 088 918

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

The effect of the Change in Accounting estimates due to the review of useful lives and residual values is as follows:

Increase in depreciation on other assets for the year:

2018	2019	2020
R	R	R
33 769	115 675	109 431

2 PROPERTY, PLANT AND EQUIPMENT

See attached sheet 2018

2018

2017

2017

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
2.3 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Other materials	611 627	603 266
Contracted Services on Maintenance of Unspecified Assets	282 257	525 748
Contracted Services on Maintenance of Buildings and Facilities	-	160 131
Contracted Services on Maintenance of Equipment	10 138	17 436
Total Repairs and Maintenance	904 023	1 306 581
3 INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	13 728 153	13 768 987
Cost	14 913 086	14 913 086
Accumulated Depreciation	(53 687)	(12 854)
Accumulated Impairment Loss	(1 131 245)	(1 131 245)
Depreciation for the year	(6 696)	(40 834)
Impairment loss	184 192	-
Disposal	(273 500)	-
Net Carrying amount at 30 June	13 632 149	13 728 153
Cost	14 639 586	14 913 086
Accumulated Depreciation	(60 383)	(53 687)
Accumulated Impairment Loss	(947 053)	(1 131 245)
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	486 690	398 144
4 INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	119 289	111 318
Cost	150 715	130 436
Accumulated Amortisation	(31 426)	(19 118)
Additions	20 770	22 753
Amortisation	(17 275)	(12 709)
Disposals	(2 381)	(2 474)
Net Carrying amount at 30 June	120 402	119 289
Cost	157 610	150 715
Accumulated Amortisation	(37 208)	(31 426)
5 OPERATING LEASE ARRANGEMENTS		
5.1 The Municipality as Lessee		
Operating Lease Asset	41 199	5 493
<u>Disclosed as follows:</u>		
Non-Current Operating Lease Asset	-	-
Current Operating Lease Asset	41 199	5 493
	41 199	5 493
Reconciliation		
Balance at the beginning of the year	5 493	35 060
Movement during the year	35 707	(29 568)
Balance at the end of the year	41 199	5 493

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, the lessor will pay operating lease revenue as follows:		
Up to 1 Year	170 287	207 147
1 to 5 Years	556 514	211 890
More than 5 Years	453 898	-
Total Operating Lease Arrangements	1 180 699	419 037

The leases are in respect of land and buildings being leased out for variable periods with the final lease ending in March 2027.

6 INVENTORY

Consumables	453 852	316 215
Land	219 420	219 420
Materials and Supplies	10 800	13 200
Water	31 304	25 602
Total Inventory	715 375	574 437

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

7 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	1 684 095	1 407 899
Water	3 237 523	1 908 018
Property Rentals	326 796	189 544
Waste Management	1 461 542	776 074
Waste Water Management	1 707 289	916 165
Creditors with Debit Balances	57 735	70 024
Debtors with credit balances	411 203	481 811
Other Arrears	118 897	104 173
Total: Receivables from exchange transactions (before provision)	9 005 081	5 853 708
Less: Provision for Debt Impairment	(7 258 568)	(4 071 810)
Total: Receivables from exchange transactions (after provision)	1 746 513	1 781 898

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)	556 003	523 068
31 - 60 Days	198 182	178 390
61 - 90 Days	86 226	105 588
+ 90 Days	843 685	600 853
Total	1 684 095	1 407 899

(Water): Ageing

Current (0 - 30 days)	228 718	265 370
31 - 60 Days	158 454	165 183
61 - 90 Days	181 997	164 592
+ 90 Days	2 668 355	1 312 873
Total	3 237 523	1 908 018

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<u>(Property Rentals): Ageing</u>		
Current (0 - 30 days)	13 706	(40 743)
31 - 60 Days	11 798	17 428
61 - 90 Days	11 424	7 257
+ 90 Days	289 868	205 601
Total	326 796	189 544
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	130 287	100 709
31 - 60 Days	118 694	91 924
61 - 90 Days	93 949	65 544
+ 90 Days	1 118 612	517 897
Total	1 461 542	776 074
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	90 065	18 183
31 - 60 Days	157 470	138 240
61 - 90 Days	108 717	102 199
+ 90 Days	1 351 036	657 544
Total	1 707 289	916 165
<u>(Other): Ageing</u>		
Current (0 - 30 days)	(13 943)	26 795
31 - 60 Days	69	-
61 - 90 Days	-	-
+ 90 Days	132 772	77 378
Total	118 897	104 174
<u>(Total): Ageing</u>		
Current (0 - 30 days)	1 004 836	893 382
31 - 60 Days	644 667	591 165
61 - 90 Days	482 313	445 181
+ 90 Days	6 404 326	3 372 146
Total	8 536 143	5 301 874
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	4 071 810	12 022 993
Contribution to provision	3 186 758	2 049 755
Reversal of provision	-	(10 000 939)
Balance at end of year	7 258 568	4 071 810
The provision for impairment could be allocated between the different classes of receivables as follows:		
Electricity	926 227	596 106
Water	2 951 231	1 648 630
Refuse	1 350 610	686 664
Sewerage	1 622 344	859 774
Other	408 156	280 636
Balance at end of year	7 258 568	4 071 810

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Summary of impairment by customer classification		
Government	27 927	-
Commercial	106 169	88 445
Residential	6 021 790	3 693 059
Other	1 102 682	290 306
Balance at end of year	7 258 568	4 071 810

The total amount of this provision is R 7258567.78 and consist of:

Services	6 850 412	3 791 173
Other Debtors	408 156	280 636
Total Provision for Debt Impairment on Receivables from exchange transactions	7 258 568	4 071 810

Ageing of amounts past due but not impaired:

1 month past due	644 667	591 165
2+ months past due	6 886 639	3 817 327
	7 531 306	4 408 492

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

8 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	1 141 867	892 039
Fines	26 294 865	20 827 096
Other Receivables	852 066	489 566
	28 288 798	22 208 701
Less: Provision for Debt Impairment	(26 853 002)	(20 994 280)
Total Receivables from non-exchange transactions	1 435 797	1 214 420

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	20 994 280	10 445 739
Fines Written off during the year	(115)	803 694
Contribution to provision	5 858 837	9 744 847
Balance at end of year	26 853 002	20 994 280

(Rates): Ageing

Current (0 - 30 days)	(6 046)	(34 768)
31 - 60 Days	37 322	39 241
61 - 90 Days	25 553	20 725
+ 90 Days	1 085 039	866 841
Total	1 141 867	892 039

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
The total amount of this provision consist of:		
Taxes	1 048 321	752 979
Fines	25 804 681	20 241 301
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<u>26 853 002</u>	<u>20 994 280</u>
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	37 322	39 241
2+ months past due	1 110 592	887 566
	<u>1 147 913</u>	<u>926 807</u>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

9 BANK ACCOUNTS

9.1 Cash and Cash Equivalents

Current Accounts	336 491	1 184 833
Call Deposits and Investments	25 074 550	26 223 827
Cash On-hand	3 050	2 850
Total Cash and Cash Equivalents - Assets	<u>25 414 091</u>	<u>27 411 509</u>

9.2 Liabilities

Current Accounts	-	(847 182)
Total Cash and Cash Equivalents - Liabilities	<u>-</u>	<u>(847 182)</u>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

A Bank Guarantee is retained for ESKOM by ABSA Bank	9 960	9 960
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The municipality has the following bank accounts:

Current Accounts

Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	213 490	(847 182)
Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):	123 001	983 718
Prince Albert ABSA Bank - Account Number 4086370253 (Smart Meter Account):	-	1 048 296
	<u>336 491</u>	<u>1 184 833</u>

Call Deposits and Investments

Prince Albert ABSA Bank - Account Number 9287334653 (Savings Account):	25 074 550	26 223 827
	<u>25 074 550</u>	<u>26 223 827</u>

Details of current accounts are as follow:

Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):

Cash book balance at beginning of year	(847 182)	2 018 465
Cash book balance at end of year	213 490	(847 182)
Bank statement balance at beginning of year	545 401	2 081 479
Bank statement balance at end of year	<u>216 477</u>	<u>545 401</u>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):		
Cash book balance at beginning of year	983 718	382 835
Cash book balance at end of year	123 001	983 718
	<hr/>	<hr/>
Bank statement balance at beginning of year	979 318	1 233 489
Bank statement balance at end of year	113 001	979 318
	<hr/>	<hr/>
Prince Albert ABSA Bank - Account Number 9287334653 (Savings Account):		
Cash book balance at beginning of year	26 223 827	23 385 721
Cash book balance at end of year	25 074 550	26 223 827
	<hr/>	<hr/>
Bank statement balance at beginning of year	26 223 827	23 230 619
Bank statement balance at end of year	25 074 577	26 223 827
	<hr/>	<hr/>
Prince Albert ABSA Bank - Account Number 4086370253 (Smart Meter Account):		
Cash book balance at beginning of year	1 048 296	1 048 296
Cash book balance at end of year	-	1 048 296
	<hr/>	<hr/>
Bank statement balance at beginning of year	949 681	97 316
Bank statement balance at end of year	-	949 681
	<hr/>	<hr/>
10 LONG-TERM BORROWINGS		
Capitalised Lease Liability - At amortised cost	65 905	135 201
	<hr/>	<hr/>
	65 905	135 201
Less: Current Portion transferred to Current Liabilities	(61 155)	(69 296)
Capitalised Lease Liability - At amortised cost	(61 155)	(69 296)
	<hr/>	<hr/>
	4 750	65 905
	<hr/>	<hr/>
Total Long-term Borrowings	4 750	65 905
	<hr/>	<hr/>
10.1 The obligations under finance leases are scheduled below:		Minimum payments
Amounts payable under annuity loans:		
Payable within one year	87 511	97 005
Payable within two to five years	72 596	155 281
	<hr/>	<hr/>
	160 106	252 286
Less: Future finance obligations	(94 201)	(117 086)
	<hr/>	<hr/>
Present value of annuity loans obligations	65 905	135 201
	<hr/>	<hr/>

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. These leases have no significant arrangements.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
11 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	19 032 273	18 998 008
Total Non-current Provisions	19 032 273	18 998 008

	2018 R	2017 R
11.1 Landfill Sites		
Balance 1 July	18 998 008	19 016 813
Contribution for the year	34 266	(18 805)
Total provision 30 June	19 032 273	18 998 008
Balance 30 June	19 032 273	18 998 008

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

No provision for current portion is made due to fact that no amount were budgeted for rehabilitation. Currently there is no fixed date for rehabilitation of the landfill sites.

	<i>Prince Albert</i>	<i>Leeu Gamka</i>	<i>Klaarstroom</i>
Area (m ²)	24440m ²	13860m ²	5210m ²

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. The estimate cost and date of decommission of the sites are as follows:

	Estimated decommission date	2018 R	2017 R
Location			
Prince Albert	2021	9 167 899	9 298 986
Leeu Gamka	2025	6 332 363	6 250 900
Klaarstroom	2036	3 532 011	3 448 122
		19 032 273	18 998 008

12 NON-CURRENT EMPLOYEE BENEFITS		
Provision for Post Retirement Health Care Benefits	5 115 307	4 360 868
Provision for Ex-Gratia Pension Benefits	41 328	38 247
Provision for Long Service Awards	1 147 692	1 039 579
Total Non-current Employee Benefits	6 304 327	5 438 694

Post Retirement Health Care Benefits

Balance 1 July	4 564 718	3 975 887
Contribution for the year	837 235	167 570
Interest Cost	428 869	356 148
Expenditure for the year	(203 850)	(194 985)
Actuarial Loss/(Gain)	(263 831)	260 098
Total provision 30 June	5 363 141	4 564 718
Less: Transfer of Current Portion to Current Provisions - Note 14	(247 827)	(203 850)
Balance 30 June	5 115 314	4 360 868

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<u>Ex-Gratia Pensions</u>		
Balance 1 July	38 895	35 421
Interest Cost	3 414	3 135
Expenditure for the year	(648)	(592)
Actuarial Loss/(Gain)	443	931
Total provision 30 June	42 104	38 895
Less: Transfer of Current Portion to Current Provisions - Note 14	(776)	(648)
Balance 30 June	41 328	38 247
<u>Long Service Awards</u>		
Balance 1 July	1 246 392	1 194 073
Contribution for the year	96 802	99 992
Interest Cost	95 903	98 048
Expenditure for the year	(180 827)	(72 535)
Actuarial Loss/(Gain)	54 809	(73 186)
Total provision 30 June	1 313 079	1 246 392
Less: Transfer of Current Portion to Current Provisions - Note 14	(165 387)	(206 813)
Balance 30 June	1 147 692	1 039 579

12.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	19	15
In-service (employee) non-members	34	37
Continuation members (e.g. Retirees, widows, orphans)	7	7
Total Members	60	59
	2018 R	2017 R

The liability in respect of past service has been estimated to be as follows:

In-service members	2 226 212	1 733 106
In-service non-members	616 029	505 872
Continuation members	2 607 283	2 325 739
Total Liability	5 449 524	4 564 718

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 R	2015 R	2014 R
In-service members	2 429 405	2 107 493	2 058 733
In-service non-members	529 906	460 862	328 500
Continuation members	1 546 482	1 734 575	1 676 610
Total Liability	4 505 793	4 302 930	4 063 843

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
LA Health
Key Health, and
SAMWU Medical Aid

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Key actuarial assumptions used:	2018 %	2017 %
i) Rate of interest		
Discount rate	9.54%	9.60%
Health Care Cost Inflation Rate	7.35%	7.89%
Net Effective Discount Rate	2.05%	1.59%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	5 363 141	4 564 718
	<hr/> 5 363 141	<hr/> 4 564 718
Net liability	<hr/>5 363 141	<hr/>4 564 718

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	4 564 718	3 975 887
Total expenses	1 062 254	328 733
Current service cost	837 235	167 570
Interest Cost	428 869	356 148
Benefits Paid	(203 850)	(194 985)
Actuarial (gains)/losses	(263 831)	260 098
Present value of fund obligation at the end of the year	<hr/> 5 363 141	<hr/> 4 564 718

Sensitivity Analysis on the Accrued Liability on 30 June 2018

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	2.842	2.607	5.449

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	3.476	2.860	6.336	16.28%
Health care inflation	-1%	2.344	2.390	4.734	-13.12%
Discount rate	1%	2.357	2.396	4.753	-12.77%
Discount rate	-1%	3.468	2.857	6.325	16.08%
Post-retirement mortality	-1 year	2.932	2.709	5.641	3.52%
Average retirement age	-1 year	3.100	2.607	5.707	4.73%
Withdrawal Rate	-50%	2.305	2.607	4.912	-9.86%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	191 600	508 500	700 100

The effect of movements in the assumptions are as follows:

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	241 400	593 100	834 500	19%
Health care inflation	-1%	153 400	440 300	593 700	-15%
Discount rate	1%	155 700	488 400	644 100	-8%
Discount rate	-1%	238 700	530 000	768 700	10%
Post-retirement mortality	-1 year	197 600	526 800	724 400	3%
Average retirement age	-1 year	206 300	533 200	739 500	6%
Withdrawal Rate	-50%	148 800	457 300	606 100	-13%

	2018 R	2017 R
--	--------	--------

12.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	53	47
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Key actuarial assumptions used:	%	%
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i) Rate of interest

Discount rate	8.57%	8.38%
General Salary Inflation (long-term)	6.18%	6.20%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.25%	2.05%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1 313 079	1 246 392
	<u>1 313 079</u>	<u>1 246 392</u>
Net liability	<u>1 313 079</u>	<u>1 246 392</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 246 392	1 194 073
Total expenses	11 878	125 505
Current service cost	96 802	99 992
Interest Cost	95 903	98 048
Benefits Paid	(180 827)	(72 535)
Actuarial (gains)/losses	54 809	(73 186)
Present value of fund obligation at the end of the year	<u>1 313 079</u>	<u>1 246 392</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2018

Assumption	Change	Liability (Rm)	% change
Central assumptions		1.313	
General salary inflation	1%	1.399	7%
General salary inflation	-1%	1.235	-6%
Discount rate	1%	1.232	-6%
Discount rate	-1%	1.404	7%
Average retirement age	-2 yrs	1.174	-11%
Average retirement age	2 yrs	1.516	15%
Withdrawal rates	-50%	1.556	19%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	111 400	105 600	217 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	120 900	113 000	233 900	8%
Health care inflation	-1%	102 900	98 900	201 800	-7%
Discount rate	1%	103 600	110 200	213 800	-1%
Discount rate	-1%	120 200	100 200	220 400	2%
Post-retirement mortality	-1 year	98 500	93 700	192 200	-11%
Average retirement age	-1 year	123 400	123 000	246 400	14%
Withdrawal Rate	-50%	144 200	126 500	270 700	25%
				2018 Rm	2017 Rm

12.3 Ex Gratia Payments

The Ex Gratia plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

7

7

Key actuarial assumptions used:

2018
%

2017
%

i) Rate of interest

Discount rate

8.92%

8.85%

2018
R

2017
R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

42 104

38 895

42 104

38 895

Net liability

42 104

38 895

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year

38 895

35 421

Total expenses

2 766

2 543

Interest Cost

3 414

3 135

Benefits Paid

(648)

(592)

Actuarial losses

443

931

Present value of fund obligation at the end of the year

42 104

38 895

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Sensitivity Analysis on the Accrued Liability on 30 June 2018

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		42 104	
Discount rate	1%	40 949	-3%
Discount rate	-1%	43 343	3%
Average retirement age	-1 yrs	45 662	8%

Sensitivity Analysis on Interest Cost for the year ending 30 June 2019

	Change	Interest Cost (R)	Total (R)	% change
Assumption				
Central Assumptions		3.724	3.724	
Discount rate	1%	4.027	4.027	8%
Discount rate	-1%	3.404	3.404	-9%
Average retirement age	-1 year	3.298	3.298	-11%

12.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

	2018 R	2017 R
<u>CAPE JOINT PENSION FUND</u>		
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 101.7% (30 June 2013 - 99.2%).		
Contributions paid recognised in the Statement of Financial Performance	1 582 925	1 334 000

<u>CAPE JOINT RETIREMENT FUND</u>		
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 118% (30 June 2014 - 101.7%).		

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
13 CONSUMER DEPOSITS		
Electricity	255 957	257 003
Rental Properties	7 488	7 488
Water	184 316	168 464
Total Consumer Deposits	447 761	432 955

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

14 CURRENT EMPLOYEE BENEFITS		
Performance Bonuses		
Staff Bonuses	585 926	456 247
Staff Leave	1 144 306	879 312
Current Portion of Non-Current Provisions	413 990	411 311
Current Portion of Post Retirement Benefits - Note 12	247 827	203 850
Current Portion of Ex-Gratia Pension Provisions - Note 12	776	648
Current Portion of Long-Service Provisions - Note 12	165 387	206 813
Total Provisions	2 144 222	1 746 871

14.1 Staff Bonuses

Balance at beginning of year	456 247	433 095
Contribution to current portion	999 100	750 927
Expenditure incurred	(869 422)	(727 775)
Balance at end of year	585 926	456 247

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

14.2 Staff Leave

Balance at beginning of year	879 312	967 123
Contribution to current portion	398 859	192 098
Expenditure incurred	(133 866)	(279 909)
Balance at end of year	1 144 306	879 312

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

15 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	2 520 543	4 077 352
Retentions	-	588 144
Housing Subsidy	2	2 864 861
Other Payables	22 268	15 692
Debtors with credit balances	411 203	481 811
Total Trade Payables	2 954 016	8 027 860

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
16 UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	2 318 472	1 782 160
National Government Grants	-	731 470
Provincial Government Grants	2 318 472	1 050 690
Less: Unpaid Transfers and Subsidies	(1 895 217)	-
National Government Grants	(1 895 217)	-
Total Unspent Transfers and Subsidies	423 255	1 782 160

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

17 VALUE ADDED TAX		
17.1 VAT Payable		
VAT Payable	-	-
VAT Output in Suspense	(532 864)	(190 230)
Total VAT Payable	(532 864)	(190 230)
17.2 VAT Receivable		
VAT Receivable	636 722	566 998
VAT Input in Suspense	3 562 873	2 749 477
Total VAT Receivable	4 199 596	3 316 475
17.3 Net VAT Receivable	3 666 732	3 126 245

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

18 SHORT-TERM BORROWINGS

The Municipality has no short term borrowings.

19 NET ASSET RESERVES

RESERVES	13 160 543	1 211 687
Opening Balance	1 211 687	1 469 160
Contribution to Capital Replacement Reserve	11 500 000	(257 473)
Sale of Assets	448 856	-
Total Net Asset Reserve and Liabilities	13 160 543	1 211 687

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

20 PROPERTY RATES

Actual

Rateable Land and Buildings	3 765 799	3 425 808
Residential Properties	3 765 799	3 425 808
Less: Revenue Forgone	(599 852)	(552 317)
Total Property Rates	3 165 948	2 873 491

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Valuations - 1 July 2017		
Rateable Land and Buildings	1 962 008 000	1 352 765 400
Prince Albert: Land and Buildings	841 674 000	617 367 700
Leeu-Gamka: Land and Buildings	32 848 000	25 345 200
Klaarstroom: Land and Buildings	15 849 000	10 589 900
Welgemoed: Land and Buildings	9 137 000	8 811 500
Rural: Land and Buildings	1 062 500 000	690 651 100
Total Assessment Rates	1 962 008 000	1 352 765 400

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate	c/R	c/R
Standard property rates excluding agriculture and vacant land	0.33000	0.4240
Agricultural	0.08300	0.1020
Vacant Land	0.41900	0.5510

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

21 **GOVERNMENT GRANTS AND SUBSIDIES**

Government Grants and Subsidies - Operating	23 890 867	23 426 763
Equitable Share	17 652 000	16 192 000
Expanded Public Works Programme Integrated Grant	1 000 000	1 000 000
Local Government Financial Management Grant	1 700 000	1 625 000
Municipal Infrastructure Grant (PMU)	380 450	349 705
Libraries, Archives and Museums	1 505 000	1 427 000
Capacity Building	120 000	-
Internship recruitment - WC	8 526	-
Western Cape Financial Management Grant	970 984	-
mSCOA Grant	330 000	220 000
Community Development Workers	74 000	75 000
Financial Management - Provincial	-	2 508 831
SETA	24 907	29 227
Central Karoo District Municipality - mSCOA Grant	125 000	-
Government Grants and Subsidies - Capital	10 725 785	14 689 546
Integrated National Electrification Programme Grant	2 895 217	1 000 000
Municipal Infrastructure Grant	7 228 550	8 812 588
Additional WC Drought relief for Boreholes	161 992	-
Accelerated housing	-	4 747 647
Drought Relief Grant - Western Cape	440 026	129 310
Total Government Grants and Subsidies	34 616 653	38 116 309

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
21.1 <u>Equitable Share</u>		
Grants received	17 652 000	16 192 000
Conditions met - Operating	<u>(17 652 000)</u>	<u>(16 192 000)</u>
Conditions still to be met	<u>-</u>	<u>-</u>

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

21.2 Local Government Financial Management Grant (FMG)

Grants received	1 700 000	1 625 000
Conditions met - Operating	<u>(1 700 000)</u>	<u>(1 625 000)</u>
Conditions still to be met	<u>-</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

21.3 Municipal Infrastructure Grant (MIG)

Opening balance	731 469	2 681 762
Grants received	7 609 000	7 212 000
Repaid to National Revenue Fund	(731 469)	-
Conditions met - Operating	(380 450)	(349 705)
Conditions met - Capital	<u>(7 228 550)</u>	<u>(8 812 588)</u>
Conditions still to be met	<u>-</u>	<u>731 469</u>

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

21.4 Integrated National Electrification Grant

Grants received	1 000 000	1 000 000
Conditions met - Capital	<u>(2 895 217)</u>	<u>(1 000 000)</u>
Conditions met	<u>(1 895 217)</u>	<u>-</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

21.5 Housing Grant

Opening balance	-	4 747 647
Conditions met - Capital	<u>-</u>	<u>(4 747 647)</u>
Conditions still to be met	<u>-</u>	<u>-</u>

The Housing grant was utilised for the development of erven and the erection of top structures.

21.6 Library Grant

Grants received	1 505 000	1 427 000
Conditions met - Operating	<u>(1 505 000)</u>	<u>(1 427 000)</u>
Conditions still to be met	<u>-</u>	<u>-</u>

The library grant was utilised to maintain the library function of the municipality.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
21.7 Other Grants		
Opening balance	1 050 691	3 008 832
Correction of Error	-	120 000
Grants received	8 479 418	1 884 226
Interest received	-	-
Repaid to National Revenue Fund	(370 690)	-
Conditions met - Operating	(6 238 928)	(3 833 058)
Conditions met - Capital	(602 018)	(129 310)
Conditions still to be met	<u>2 318 473</u>	<u>1 050 691</u>
Various grants from National and Provincial Treasury. Refer to Appendix E for more information.		
21.8 Total Grants		
Opening balance	1 782 160	10 438 241
Correction of Error	-	120 000
Grants received	37 945 418	29 340 226
Repaid to National Revenue Fund	(1 102 159)	-
Conditions met - Operating	(27 476 378)	(23 426 763)
Conditions met - Capital	(10 725 785)	(14 689 545)
Conditions still to be met/(Grant expenditure to be recovered)	<u>423 255</u>	<u>1 782 160</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	2 318 472	1 782 160
Unpaid Conditional Government Grants and Receipts	(1 895 217)	-
Total	<u>423 255</u>	<u>1 782 160</u>
22 PUBLIC CONTRIBUTIONS AND DONATIONS		
Public Contributions - Conditional	2 538 473	1 400 000
Donations	5 000	-
Total Public Contributions and Donations	<u>2 543 473</u>	<u>1 400 000</u>
23 FINES, PENALTIES AND FORFEITS		
Traffic fines	6 502 440	11 912 450
Other fines	9 658	12 260
Total Fines	<u>6 512 098</u>	<u>11 924 710</u>
<i>Additional information to enable better understandings by user</i>		
Provision for debt impairment	(5 563 380)	(9 401 426)
<i>Recoverable fines</i>	<u>948 718</u>	<u>2 523 284</u>
24 LICENCES AND PERMITS		
Road and Transport	261 966	262 666
Total Licences and Permits	<u>261 966</u>	<u>262 666</u>
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	261 966	262 666
Total Licences and Permits	<u>261 966</u>	<u>262 666</u>

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
25 SERVICE CHARGES		
Electricity	13 441 061	13 268 171
Service Charges	13 972 273	13 730 911
Less: Revenue Forgone	(531 212)	(462 739)
Water	3 318 827	3 628 300
Service Charges	4 407 322	4 667 493
Less: Revenue Forgone	(1 088 495)	(1 039 192)
Waste Management	1 537 441	1 469 860
Service Charges	2 182 184	2 040 465
Less: Revenue Forgone	(644 744)	(570 605)
Waste Water Management	2 905 830	2 554 115
Service Charges	3 954 073	3 487 318
Less: Revenue Forgone	(1 048 243)	(933 203)
Total Service Charges	21 203 159	20 920 447
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
26 RENDERING OF SERVICES		
Building Plan Approval	83 797	94 860
Cemetery and Burial	14 244	10 496
Swimming pool Entrance Fees	40 688	-
Fire Services	51 667	23 536
Photocopies and Faxes	2 671	981
Tender documents	6 404	1 316
Stone and Gravel	702	140
Town Planning and Servitudes	44 191	96 706
Valuation Services	21 805	16 579
Total Sales of Goods and Rendering of Services	266 166	244 613
27 RENTAL FROM FIXED ASSETS		
Property, Plant and Equipment	486 690	398 144
Total Rental from Fixed Assets	486 690	398 144
28 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	2 588 273	2 282 808
Total Interest Earned - External Investments	2 588 273	2 282 808
29 INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	573 253	510 251
Total Interest Earned - Outstanding Receivables	573 253	510 251
30 OPERATIONAL REVENUE		
Administrative Handling Fees	15 831	83 489
Commission	5 155	500
Insurance Refund	274 367	8 003
Request for Information	-	1 694
Total Operational Revenue	295 353	93 686

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
31 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	13 426 537	10 509 999
Pension and UIF Contributions	1 582 925	1 334 000
Medical Aid Contributions	523 767	422 533
Overtime	633 670	597 722
Bonuses	999 100	750 927
Motor Vehicle Allowance	400 984	281 906
Cell Phone Allowance	75 900	59 805
Housing Allowances	114 556	106 256
Other benefits and allowances	689 097	592 509
Payments in lieu of leave	398 859	192 098
Post-retirement Benefit Obligations	1 492 295	724 892
Total Employee Related Costs	20 337 691	15 572 647
KEY MANAGEMENT PERSONNEL		
<p>Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.</p>		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>		
Annual remuneration	913 901	901 551
Car allowance	148 600	104 640
Housing allowance	18 000	18 000
Cell phone allowance	18 000	18 000
Contributions to medical fund	40 923	37 782
Total	1 139 424	1 079 973
<i>Remuneration of the Chief Financial Officer</i>		
Annual remuneration	671 716	671 007
Car allowance	96 000	96 000
Cell phone allowance	12 000	12 000
Contributions to medical and pension funds	147 932	149 769
Total	927 648	928 776
<i>Remuneration of Director : Corporate Services</i>		
Annual remuneration	580 557	374 377
Car allowance	25 416	25 416
Cell phone allowance	12 000	12 000
Contributions to medical and pension funds	104 500	67 388
Total	722 473	479 182

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
32 REMUNERATION OF COUNCILLORS		
Mayor	591 638	543 412
Deputy Mayor	264 768	231 345
Speaker	473 784	425 928
Councillors	753 784	696 693
Car Allowance	533 400	527 750
Cell phone Allowance	285 600	178 245
Contributions to medical and pension funds	-	23 294
Data cards	25 200	-
Total Councillors' Remuneration	2 928 175	2 626 667

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	591 638	153 600	44 400	-	789 638
Executive Deputy-Mayor / Deputy-Mayor	264 768	67 800	44 400	-	376 968
Speaker	473 784	122 400	44 400	-	640 584
Councillors	753 784	189 600	177 600	-	1 120 984
Total Councillors' Remuneration	2 083 975	533 400	310 800	-	2 928 175

In-kind Benefits

The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council.

33 CONTRIBUTION TO IMPAIRMENT LOSS ON RECEIVABLES

Trade Receivables from exchange transactions - Note 7	2 798 777	1 836 809
Trade Receivables from non-exchange transactions - Note 8	5 858 837	9 744 847
Total Contribution to Impairment Provision	8 657 614	11 581 655

Additional information to enable better understanding by user.

Trade Receivables from exchange transactions

Electricity	289 933	(44 306)
Water	1 144 024	1 082 430
Refuse	583 118	285 245
Sewerage	669 735	497 308
Other	111 968	16 132
	2 798 777	1 836 809

Trade Receivables from non exchange transactions

Rates	295 457	343 421
Traffic Fines	5 563 380	9 401 426
	5 858 837	9 744 847

34 CONTRACTED SERVICES

Outsourced Services	541 990	1 090 411
Consultants and Professional Services	4 238 438	4 026 324
Contractors	2 369 723	2 491 554
Total Contracted Services	7 150 151	7 608 289

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
35 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	5 439 090	5 328 092
Intangible Assets	17 275	12 709
Investment Property carried at cost	6 696	40 834
Total Depreciation and Amortisation	5 463 061	5 381 635
36 FINANCE COSTS		
Long-term Borrowings	18 216	26 846
Non-current Provisions	1 139 880	1 236 093
Interest on outstanding VAT payment	-	31 136
Total Finance Costs	1 158 097	1 294 075
37 BULK PURCHASES		
Electricity	9 522 208	9 729 734
Total Bulk Purchases	9 522 208	9 729 734
38 INVENTORY CONSUMED		
Materials and Supplies	647 971	599 495
Consumables at Standard Rated	530 399	438 416
	<u>1 178 371</u>	<u>1 037 911</u>
39 TRANSFERS AND SUBSIDIES		
Operational	380 000	115 000
Monetary Allocations	380 000	115 000
Bursaries	120 000	-
Non-profit Institutions	260 000	115 000
Total Transfers and Subsidies	380 000	115 000
40 OPERATIONAL COSTS		
Advertising, Publicity and Marketing	85 301	116 373
Audit Fees	3 236 991	2 890 951
Bank Charges, Facility and Card Fees	240 014	183 378
Commission	287 259	170 588
Courier and Delivery Services	1 996	-
Communication	654 873	667 686
Deeds	16 918	11 973
Entertainment	93 291	43 133
External Computer Service	131 575	751 920
Hire Charges	25 086	97 951
Indigent Relief	48 607	91 459
Insurance Underwriting	216 877	179 308
Levies Paid - Water Resource Management Charges	104 921	17 480
Licences	39 816	12 483
Management Fee	15 831	70 000
Municipal Services	426 647	405 876
Printing, Publications and Books	14	-
Professional Bodies, Membership and Subscription	535 370	500 913
Remuneration to Ward Committees	183 360	183 032
Skills Development Fund Levy	150 784	121 600
Travel and Subsistence	1 433 461	1 371 704
Wet Fuel	627 150	460 565
Workmen's Compensation Fund	110 000	15 589
Total Operational Costs	8 666 143	8 363 963

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
41 DISCLOSURE IN TERMS OF MFMA 123 (1) (c)		
Operating grant expenditure per vote		
Vote 1 - EXECUTIVE AND COUNCIL	680 037	-
Vote 2 - DIRECTOR FINANCE	2 571 439	2 576 344
Vote 3 - DIRECTOR PLANNING AND DEVELOPMENT	-	-
Vote 4 - DIRECTOR COMMUNITY	128 526	97 602
Vote 5 - DIRECTOR TECHNICAL SERVICES	-	111 828
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	3 380 002	2 785 775
42 LOSS ON DISPOSAL OF FIXED ASSETS		
Property, Plant and Equipment	(703 583)	(47 942)
Total Loss on Disposal of Fixed Assets	(703 583)	(47 942)
The disposal of PPE are not due to the sale of there of, but was not supposed to be in the Fixed Asset Register as we do not own these properties nor do we have control over them.		
43 (IMPAIRMENT LOSS)/REVERSAL OF IMPAIRMENT LOSS ON FIXED ASSETS		
Property, Plant and Equipment		
Addition of impairment on Landfil site	(22 715)	48 246
<i>a new General valuation was performed in the 2016-2017 financial year with an effective date of 01 July 2017. This lead some properties that decreased in value which in turn lead to an impairment adjustment.</i>	(1 204 877)	-
	(1 227 592)	48 246
Total Reversal of Impairment / (Impairment Loss) on Fixed Assets	(1 227 592)	48 246

44 RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
Statement of Financial Position			
Capital Replacement Reserve	1 211 687	-	1 211 687
Accumulated Surplus	129 182 779	1	129 182 779
Long-term Liabilities	65 905	-	65 905
Non-current Provisions	18 998 008	-	18 998 008
Non-current Employee Benefits	5 438 694	-	5 438 694
Consumer Deposits	432 955	-	432 955
Current Employee Benefits	1 746 870	1	1 746 871
Trade and Other Payables from Exchange Transactions	7 964 085	-	7 964 085
Unspent Conditional Government Grants and Receipts	1 662 160	-	1 662 160
Cash and Cash Equivalents	847 182	-	847 182
Current Portion of Long-term Liabilities	69 296	-	69 296
Property, Plant and Equipment	119 247 574	1	119 247 575
Investment Property	13 286 342	-	13 286 342
Intangible Assets	119 289	-	119 289
Inventory	574 437	-	574 437
Receivables from exchange transactions	1 652 085	140 486	1 792 571
Receivables from non-exchange transactions	1 349 466	(140 491)	1 208 975
Operating Lease Asset	5 494	(1)	5 493
Taxes	3 126 243	3	3 126 245
Cash and Cash Equivalents	28 258 691	-	28 258 691
	-	-	-

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Balance previously reported	Adjustments	Restated Balance
Statement of Financial Performance			
Property Rates	2 873 491	-	2 873 491
Government Grants and Subsidies - Capital	14 816 418	126 872	14 689 546
Government Grants and Subsidies - Operating	21 712 764	(1 833 999)	23 546 763
Contributed Property, Plant and Equipment	1 400 000	-	1 400 000
Actuarial Gains	73 186	-	73 186
Fines	11 918 600	(6 110)	11 924 710
Service in kind	3 067 740	-	3 067 740
Service Charges	20 931 398	(10 461)	20 941 859
Sales of Goods and Rendering of Services	-	(244 613)	244 613
Rental of Facilities and Equipment	387 545	387 545	-
Rental from Fixed Assets	-	(387 405)	387 405
Interest Earned - external investments	2 282 808	-	2 282 808
Interest Earned - Exchange Transactions	510 251	-	510 251
Licences and Permits	262 666	-	262 666
Other Income from Exchange Transactions	2 104 661	2 104 661	-
Operational Revenue	-	(88 240)	88 240
Employee related costs	14 116 043	(1 456 604)	15 572 647
Remuneration of Councillors	2 626 667	-	2 626 667
Contracted Services	5 828 470	(1 705 289)	7 533 759
Depreciation and Amortisation	5 591 297	-	5 591 297
Repairs and maintenance	1 217 131	1 217 131	-
Actuarial Losses	261 030	-	261 030
Finance Costs	1 751 406	457 331	1 294 075
Bulk Purchases	7 921 716	(1 808 018)	9 729 734
Inventory Consumed	-	(1 041 682)	1 041 682
Transfers and Subsidies	-	(115 000)	115 000
Operational Costs	-	(8 375 432)	8 375 432
General expenditure	12 827 564	12 827 564	-
Reversal of Impairment Loss on Receivables	11 581 656	1	11 581 655
Gains on Sale of Fixed Assets	47 946	2	47 942
(Impairment Loss) on Fixed Assets	-	48 246	(48 246)
Net Surplus/(Deficit) for the year	18 570 602	-	18 570 603

45 CORRECTION OF ERROR IN TERMS OF GRAP 3

	2017 Re-classified	Adjustments for errors	2017 Restated
STATEMENT OF FINANCIAL POSITION			
Property, Plant and Equipment	119 247 575	(2 841 344)	122 088 919
Investment Property	13 286 342	(441 811)	13 728 153
Intangible Assets	119 289	-	119 289
Inventory	574 437	-	574 437
Receivables from Exchange Transactions	1 792 571	10 673	1 781 898
Receivables from Non-exchange Transactions	1 208 975	(5 445)	1 214 420
Operating Lease Asset	5 493	-	5 493
Value Added Tax	3 126 245	-	3 126 245
Cash and Cash Equivalents	28 258 691	-	28 258 691
Long-term Borrowings	(65 905)	-	(65 905)
Non-current Provisions	(18 998 008)	-	(18 998 008)
Non-current Employee Benefits	(5 438 694)	-	(5 438 694)
Consumer Deposits	(432 955)	-	(432 955)
Current Employee Benefits	(1 746 871)	-	(1 746 871)
Trade and Other Payables from Exchange Transactions	(7 964 085)	63 776	(8 027 861)
Unspent Transfers and Subsidies	(1 662 160)	120 000	(1 782 160)
Cash and Cash Equivalents	(847 182)	-	(847 182)
Current Portion of Long-term Borrowings	(69 296)	-	(69 296)
Capital Replacement Reserve	(1 211 687)	-	(1 211 687)
Accumulated Surplus	(129 182 775)	3 094 151	(132 276 926)
Total Net Assets and Liabilities	-	-	-

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

REVENUE

Property Rates	2 873 491	-	2 873 491
Government Grants and Subsidies - Operating	23 546 763	(120 000)	23 426 763
Government Grants and Subsidies - Capital	14 689 546	-	14 689 546
Service in kind	3 067 740	-	3 067 740
Contributed Property, Plant and Equipment	1 400 000	-	1 400 000
Actuarial Gains	73 186	-	73 186
Fines, Penalties and Forfeits	11 924 710	-	11 924 710
Service Charges	20 941 859	(21 412)	20 920 447
Rendering of Services	244 613	-	244 613
Rental from Fixed Assets	387 405	10 739	398 144
Interest Earned - External Investments	2 282 808	-	2 282 808
Interest Earned - Exchange Transactions	510 251	-	510 251
Licences and Permits	262 666	-	262 666
Operational Revenue	88 240	5 445	93 686
Total Revenue	82 293 278	(125 228)	82 168 050

	2017	Adjustments	2017
	Re-classified	for errors	Restated
EXPENDITURE			
Employee related costs	15 572 647	-	15 572 647
Remuneration of Councillors	2 626 667	-	2 626 667
Contracted Services	7 533 759	74 530	7 608 289
Depreciation and Amortisation	5 591 297	(209 662)	5 381 635
Actuarial Losses	261 030	-	261 030
Finance Costs	1 294 075	-	1 294 075
Bulk Purchases	9 729 734	-	9 729 734
Inventory Consumed	1 041 682	(3 771)	1 037 911
Transfers and Subsidies	115 000	-	115 000
Operational Costs	8 375 432	(11 469)	8 363 963
Total Expenditure	52 141 324	(150 372)	51 990 952
Operating Surplus for the Year	30 151 954	25 144	30 177 098
Contribution to Impairment Loss on Receivables	(11 581 655)	-	(11 581 655)
Loss on Disposal of Fixed Assets	(47 942)	-	(47 942)
Impairment Loss on Fixed Assets	48 246	-	48 246
NET SURPLUS FOR THE YEAR	18 570 603	25 144	18 595 747

45.1 Property, Plant and Equipment

Balance previously reported	119 247 575
Depreciation incorrectly calculated in the prior year	208 545
Community assets previously not recognised.	402 164
Land and Buildings previously not recognised correctly.	2 377 293
Accumulated Depreciation on recognised community assets.	(146 658)
Restated Balance	122 088 919

Depreciation calculated incorrectly on landfill sites. This lead to the carrying vale being stated incorrectly.
 Community assets previously not recognised correctly.
 Land and Buildings previously not recognised correctly.
 Accumulated Depreciation on Land and Buildings previously not recognised correctly.

45.2 Investment Property

Balance previously reported	13 286 342
Additions to investment properties not previously recognised	441 811
Restated Balance	13 728 153

After comparing the deeds search with the FAR it was efedent that some erfs were not accounted for correctly. Investement properties were therefore restated.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
45.3 Receivables from Exchange Transactions		
Balance previously reported		1 792 571
Revenue recognised in the incorrect financial year		10 739
Revenue recognised incorrectly		(21 412)
Restated Balance		1 781 898

Revenue for Rental income recognised in the incorrect financial year. Restated to correct the recognition.

Revenue recognised incorrectly in the prior year and therefore corrected.

45.4 Receivables from Non-Exchange Transactions		
Balance previously reported		1 208 975
Insurance claim received in the 2015-2016 financial year		5 445
Restated Balance		1 214 420

An insurance claim that was paid out in the 2015-2016 financial year was incorrectly taken to Trade receivables and not treated as a Loss or Gain on the disposal of an Asset

45.6 Trade and Other Payables from Exchange Transactions		
Balance previously reported		8 009 338
Credit note received mSCOA project not yet completed		(21 000)
Credit note materials not received		(3 771)
Credit notes treated incorrectly in the prior year		196 946
Retention not treated correctly		(103 719)
Internal audit fee not recognised in the correct financial year		95 530
Computer expenses paid in the incorrect financial year		10 106
Credit notes for creditors reversed in the prior financial years		(114 800)
Deposits paid back from Sundry Creditors		4 485
Restated Balance		8 073 115

The municipality's previous main frame service provider discontinued their services. The implementation of mSCOA, that had to be paid in advance, was not completed. A credit note was issued by Fujitsu for an amount of R21 000.

Credit note on materials not received from Klein-Karoo Co-operation for an amount of R3 771.

Credit note journal reversed to correct Creditors reconciliation.

INEP Retention not treated correctly. Retention should not have been raised in the 2016-2017 financial year.

Internal audit fees recognised in the incorrect financial year.

Computer expenses recognised in the incorrect financial year.

Credit notes for the dpt of Water and sanitation relating to prior years.

a Deposit was paid back for the purchase of a vacant erf of the Municipality. The sale did not occur.

45.7 Unspent Transfers and Subsidies		
Balance previously reported		1 662 160
Capacity Grant not spent in accordance with Provincial Treasury legislation		120 000
Restated Balance		1 782 160

The capacity grant spent was not in accordance with Provincial Treasury legislation. Grant however was not paid back, but spent correctly in the 2017-2018 financial year.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
46 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus for the year	9 067 729	18 595 747
Adjustments for:		
Depreciation and Amortisation	5 463 061	5 381 635
Loss on Sale of Fixed Assets	703 583	1 302 840
Impairment Loss/(Reversal of Impairment Loss)	1 227 592	(48 246)
Contributed Property, Plant and Equipment	(2 538 473)	(1 400 000)
Contribution to provisions – Bad Debt	8 657 614	11 581 655
Repaid to National Revenue Fund	(1 102 159)	-
Change in Provision for Rehabilitation Cost	34 266	(18 805)
Government Grants and Subsidies received	37 945 418	-
Government Grants and Subsidies recognised as revenue	(38 202 163)	-
Contribution from/to provisions - Non-Current Employee Benefits	1 074 219	-
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	55 252	-
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(263 831)	-
Disposal landfill sites	585 504	-
Operating Surplus/(Deficit) before changes in working capital	22 707 611	35 394 826
Changes in working capital	(14 237 225)	(19 015 717)
(Decrease)/Increase in Trade and Other Payables	(5 073 845)	2 225 697
(Decrease) in Unspent Conditional Government Grants and Receipts	-	(8 656 082)
(Decrease) in Taxes	(540 487)	(1 171 040)
Decrease/(Increase) in Operating lease asset	(35 707)	29 568
(Increase) in Inventory	(140 939)	(104 087)
(Increase) in Gross Debtors from exchange and non exchange	(8 843 605)	(11 919 738)
Increase in Employee benefits	397 357	579 966
Cash generated by operations	8 470 386	16 379 109
47 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 9	336 491	1 184 833
Call Deposits and Investments - Note 9	25 074 550	26 223 827
Cash Floats - Note 9	3 050	2 850
Total cash and cash equivalents	25 414 091	27 411 509
48 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 47	25 414 091	27 411 509
Less:	(2 318 472)	(1 782 160)
Unspent Transfers and Subsidies - Note 16	(2 318 472)	(1 782 160)
Net cash resources available for internal distribution	23 095 619	25 629 350
Allocated to:		
Capital Replacement Reserve	(1 211 687)	(1 469 160)
Resources available for working capital requirements	21 883 932	24 160 190
49 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 10	65 905	135 201
Used to finance property, plant and equipment - at cost	(65 905)	(135 201)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

50

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2018
R

2017
R

50.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	6 565 001	-
Unauthorised expenditure current year - operational	5 116 614	6 565 001
Unauthorised expenditure current year - capital	-	-
Approved by Council or condoned	(6 565 001)	-
Transfer to receivables for recovery		-
	5 116 614	6 565 001

2018
R

2017
R

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
<i>Provision for traffic fines incorrectly budgeted for.</i>	None	2 142 291	3 709 303
<i>Provision for landfill site incorrectly budgeted for.</i>	None	2 974 323	2 855 699
		5 116 614	6 565 001

Unauthorised expenditure current year - operating

	2018 Actual R	2018 Final Budget R	2018 Variance R	2018 Unauthorised R
Vote 1 - EXECUTIVE AND COUNCIL	6 928 482	7 209 680	(281 198)	-
Vote 2 - DIRECTOR FINANCE	16 648 438	24 827 420	(8 178 982)	-
Vote 3 - DIRECTOR CORPORATE	4 873 658	5 286 060	(412 402)	-
Vote 4 - DIRECTOR COMMUNITY	11 533 751	9 391 460	2 142 291	2 142 291
Vote 5 - DIRECTOR TECHNICAL SERVICES	27 420 893	24 446 570	2 974 323	2 974 323
	67 405 222	71 161 190	(3 755 968)	5 116 614

Unauthorised expenditure current year - capital

	2018 Actual R	2018 Final Budget R	2018 Variance R	2018 Unauthorised R
Vote 1 - EXECUTIVE AND COUNCIL	85 743	110 000	(24 257)	-
Vote 2 - DIRECTOR FINANCE	419 231	4 893 000	(4 473 769)	-
Vote 3 - DIRECTOR CORPORATE	27 360	37 500	(10 140)	-
Vote 4 - DIRECTOR COMMUNITY	147 561	549 000	(401 439)	-
Vote 5 - DIRECTOR TECHNICAL SERVICES	10 701 053	11 828 550	(1 127 497)	-
	11 380 947	17 418 050	(6 037 103)	-

50.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	31 136	-
Fruitless and wasteful expenditure current year	1 494	31 136
Condoned or written off by Council	(31 136)	-
	1 494	31 136

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
<i>Interest & Penalty on late payment of May 2017's VAT account.</i>	None	-	31 136
<i>Interest & Penalty on late payment of February 2018's VAT account.</i>	None	1 494	
		1 494	31 136

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
50.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	224 500	222 067
Irregular expenditure current year	772 114	2 433
Written off by council relating to SCM non-compliance	(222 067)	-
Written off by council relating to Local content	(750 260)	-
	24 286	224 500

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Non compliance with SCM - Local Content	None	750 260	-
Non compliance with SCM	None	4 407	224 500
Non compliance with SCM - Not on CSD	None	17 446	-
		772 114	224 500

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

51 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

51.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	-	-
Council subscriptions	500 000	500 000
Amount paid - current year	(500 000)	(500 000)
Balance unpaid (included in creditors)	-	-

51.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	-	-
Current year audit fee	3 236 991	2 890 951
External Audit - Auditor-General	3 236 991	2 890 951
Amount paid - current year	(3 236 991)	(2 890 951)
Balance unpaid (included in creditors)	-	-

51.3 VAT - [MFMA 125 (1)(c)]

Opening balance	566 998	817 565
VAT inputs	3 641 122	4 019 403
VAT outputs	(2 787 722)	(3 090 498)
Paid	339 235	-
Received	(1 122 910)	(1 179 472)
Closing balance	636 722	566 998

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

51.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	-	-
Current year payroll deductions	3 274 274	2 580 366
Amount paid - current year	(3 274 274)	(2 580 366)
Balance unpaid (included in creditors)	-	-

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
51.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	2 041 721	1 862 239
Amount paid - current year	(2 041 721)	(1 862 239)
Balance unpaid (included in creditors)	-	-

51.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

No Councillors had arrear accounts outstanding for more than 90 days during the year.

51.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b) and exclude VAT

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
For the Year	-	-	-	125 164	60 171
	-	-	-	125 164	60 171

51.8 Service in State

The following supplier(s) indicated that a family member is in service of the state as required by section 45 of the Supply Chain Management Regulations.

Company name	Related person	Company Capacity	Capacity at State / Municipality	Relationship	State department	Payments
Jan Nel Elektries	Jan Nel	Owner	Teacher	Spouse	WCED	1 628 639
JCQ	Jeffrey Jantjies	Owner	Technical dpt	Spouse	Prince Albert Municipality	192 797

	2018 R	2017 R
51.9 Material losses		
Electricity distribution losses		
Units purchased (Kwh)	10 455 403	10 544 411
Units lost during distribution (Kwh)	1 400 340	1 533 655
Percentage lost during distribution	13.39%	14.54%
Distribution loss (Rand Value)	1 292 563	1 384 602
Water distribution losses		
Kilo litres purified	547 010	607 253
Kilo litres lost during distribution	91 632	92 035
Percentage lost during distribution	16.75%	15.16%
Distribution loss (Rand Value)	368 359	291 110

Normal pipe bursts and field leakages are responsible for water losses.

		2018	2017
		R	R
52	FINANCIAL RISK MANAGEMENT		
	<p>The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.</p>		
	(a) Foreign Exchange Currency Risk		
	<p>The municipality does not engage in foreign currency transactions.</p>		
	(b) Price Risk		
	<p>The municipality is not exposed to price risk.</p>		
	(c) Interest Rate Risk		
	<p>As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.</p>		
	<p>The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.</p>		
	<p>The municipality did not hedge against any interest rate risks during the current year.</p>		
		2018	2017
		R	R
	<p>The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:</p>		
	1% (2017: 1%) Increase in interest rates	253 451	281 206
	1% (2017: 1%) Decrease in interest rates	(253 451)	(281 206)
	(d) Credit Risk		
	<p>Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.</p>		
	<p>Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.</p>		
	<p>Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.</p>		

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Exchange Receivables

Electricity	12.76%	926 227	14.64%	596 106
Water	40.66%	2 951 231	40.49%	1 648 630
Refuse	18.61%	1 350 610	16.86%	686 664
Sewerage	22.35%	1 622 344	21.12%	859 774
Other	5.62%	408 156	6.89%	280 636
	<u>100.00%</u>	<u>7 258 568</u>	<u>100.00%</u>	<u>4 071 810</u>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 7 and note 8 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different categories of receivables as follow:

	2018 %	2018 R	2017 %	2017 R
Government	0.38%	27 927	0.00%	-
Industrial	1.46%	106 169	2.17%	88 445
Residential	0.00%	-	0.00%	-
Indigents	82.96%	6 021 790	90.70%	3 693 059
Indigents	15.19%	1 102 682	7.13%	290 306
	<u>100.00%</u>	<u>7 258 568</u>	<u>100.00%</u>	<u>4 071 810</u>

Ageing of amounts past due but not impaired are as follow:

	Exchange Receivables	Non-exchange Receivables
2018		
1 month past due	644 667	37 322
2+ months past due	6 886 639	1 110 592
	<u>7 531 306</u>	<u>1 147 913</u>
2017		
1 month past due	591 165	39 241
2+ months past due	3 817 327	887 566
	<u>4 408 492</u>	<u>926 807</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	9 005 081	5 853 708
Receivables from non-exchange transactions	28 288 798	22 208 701
Cash and Cash Equivalents	25 411 041	27 408 659
	62 704 920	55 471 067

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2018				
Long-term Liabilities	67 771	4 825	-	-
Capital repayments	61 155	4 750	-	-
Interest	6 616	75	-	-
Trade and Other Payables	2 954 015			
Unspent conditional government grants and receipts	2 318 472			
Cash and Cash Equivalents	25 414 091			
	30 754 350	4 825	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2017				
Long-term Liabilities	87 512	72 596	-	-
Capital repayments	69 296	65 905	-	-
Interest	18 216	6 691	-	-
Trade and Other Payables	8 027 860			
Unspent conditional government grants and receipts	1 782 160			
Cash and Cash Equivalents	27 411 509			
	37 309 041	72 596	-	-

53 FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

53.1 Financial Assets

Classification

Receivables from Exchange Transactions

Electricity	Financial Instruments at amortised cost	1 684 095	1 407 899
Water	Financial Instruments at amortised cost	3 237 523	1 908 018
Property Rentals	Financial Instruments at amortised cost	326 796	189 544
Waste Management	Financial Instruments at amortised cost	1 461 542	776 074
Waste Water Management	Financial Instruments at amortised cost	1 707 289	916 165
Other Arrears	Financial Instruments at amortised cost	118 897	104 173

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	336 491	1 184 833
Call Deposits	Financial Instruments at amortised cost	25 074 550	26 223 827
Total Financial Assets		34 004 919	32 780 556
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Electricity	1 684 095	1 407 899
Receivables from Exchange Transactions	Water	3 237 523	1 908 018
Receivables from Exchange Transactions	Property Rentals	326 796	189 544
Receivables from Exchange Transactions	Waste Management	1 461 542	776 074
Receivables from Exchange Transactions	Waste Water Management	1 707 289	916 165
Receivables from Exchange Transactions	Other Arrears	118 897	104 173
Cash and Cash Equivalents	Bank Balances	336 491	1 184 833
Cash and Cash Equivalents	Call Deposits	25 074 550	26 223 827
		34 004 919	32 780 556
Financial Instruments at fair value:			
Total Financial Assets		34 004 919	32 780 556
53.2 Financial Liabilities			
	Classification		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	65 905	135 201
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	2 520 543	4 077 352
Retentions	Financial Instruments at amortised cost	-	588 144
Other Payables	Financial Instruments at amortised cost	22 268	15 692
Debtors with credit balances	Financial Instruments at amortised cost	411 203	481 811
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	(847 182)
		3 019 919	4 451 018
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	65 905	135 201
Trade and Other Payables	Trade Payables	2 520 543	4 077 352
Trade and Other Payables	Accrued Interest	-	588 144
Trade and Other Payables	Other Payables	22 268	15 692
Trade and Other Payables	Debtors with credit balances	411 203	481 811
Cash and Cash Equivalents	Bank Overdraft	-	(847 182)
		3 019 919	4 451 018

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
54 STATUTORY RECEIVABLES		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
Taxes		
VAT Receivable	636 722	566 998
Receivables from Non-Exchange Transactions	27 436 732	21 719 135
Rates	1 141 867	892 039
Fines	26 294 865	20 827 096
Total Statutory Receivables (before provision)	28 073 454	22 286 133
Less: Provision for Debt Impairment	-	-
Total Statutory Receivables (after provision)	28 073 454	22 286 133
55 IN-KIND DONATIONS AND ASSISTANCE		
As per GRAP 23 par 99-107 the following transactions are regarded as service in kind:		
<i>Johan Pieterse - MISA (Municipal Infrastructure Support Agency) advisor</i>	1 083 206	1 018 051
<i>The auditor General - Audit fees over and above 1% contributed by National Treasury</i>	2 327 305	2 049 690
<i>Moore Stephans in SLA with Central Karoo District Municipality</i>	175 000	-
Total In-kind Donations and Assistance	3 585 511	3 067 740
56 CONTINGENT LIABILITY		
The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
<i>Overflow of a transfer station at Prince Albert Road lead to the deaths of a farmer's wild oryxes.</i>	99 000	-
	99 000	-
57 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure excluding VAT:		
Approved and contracted for:	5 276 151	2 396 256
Total commitments consist out of the following:		
New Link Road & Associated Stormwater		2 396 256
Raw water storage in Prince Albert	3 438 142	-
Drought relief from Provincial Treasury	1 838 008	-
	5 276 151	2 396 256
This expenditure will be financed from:		
Government Grants	5 276 151	2 396 256
	5 276 151	2 396 256

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

58 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

58.1 Related Party Transactions

		Outstanding balances on municipal accounts	
<u>Councillors</u>			
G. Lottering	Mayor	-	-
S. Botes	Speaker	-	-
L. Jaquet	Deputy Mayor	-	-
M.D. Jaftha	Councillor	-	-
S. Piedt	Councillor	-	-
E. Maans	Councillor	-	-
R. Steyn	Councillor	-	-
N.S. Abrahams	Ex - Deputy Mayor	-	-
I.J. Windvogel	Ex - Councillor	-	1 503
		<hr/>	<hr/>
		-	1 503
		<hr/>	<hr/>
<u>Key Management</u>			
H.F.W. Mettler			
J.D. Neethling			
A. Vorster			

Please note not all related parties have municipal accounts

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

58.2 Related Party Loans

No loans were granted to councillors or senior management employees.

58.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

58.4 Other related party transactions

				2018	2017
The following purchases were made during the year where Councillors or staff have an interest:					
Company Name	Related Party	Service Capacity	Relationship		
Prince Alert advice centre	G Lottering	Mayor	Director	1 700	-
				<hr/>	<hr/>
				1 700	-
				<hr/>	<hr/>

59 FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators	2018	2017
The current ratio for the comparative years are:	4.41	2.71
It is evident that the current financial year increased it's ratio compared to the previous year.		

**APPENDIX A
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018**

EXTERNAL LOANS	Balance at 30 June 2017	Received during the period	Redeemed written off during the period	Balance at 30 June 2018	Carrying Value of Property, Plant & Equipment
LEASE LIABILITY					
Minolta Bizhub C284E	36 253	-	(26 630)	9 623	9 623
Minolta B287	36 283	-	(15 630)	20 652	20 652
Minolta B554E	62 665	-	(27 036)	35 629	35 629
Total Lease Liabilities	135 201	-	(69 296)	65 905	65 905
TOTAL EXTERNAL LOANS	135 201	-	(69 296)	65 905	65 905

APPENDIX E
PRINCE ALBERT LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2017	Correction of Error	Restated Balance 30 June 2017	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2018	Unspent 30 June 2018 (Creditor)	Unpaid 30 June 2018 (Debtor)
<u>National Government Grants</u>										
Equitable Share	-	-	-	17 652 000	-	(17 652 000)	-	-	-	-
Finance Management Grant	-	-	-	1 700 000	-	(1 700 000)	-	-	-	-
Municipal Infrastructure Grant	731 469	-	731 469	7 609 000	(731 469)	(380 450)	(7 228 550)	-	-	-
Integrated National Electrification Grant	-	-	-	1 000 000	-	-	(2 895 217)	(1 895 217)	-	(1 895 217)
EPWP	-	-	-	1 000 000	-	(1 000 000)	-	-	-	-
Total National Government Grants	731 469	-	731 469	28 961 000	(731 469)	(20 732 450)	(10 123 767)	(1 895 217)	-	(1 895 217)
<u>Provincial Government Grants</u>										
Library	-	-	-	1 505 000	-	(1 505 000)	-	-	-	-
Drought Relief	370 690	-	370 690	-	(370 690)	-	-	-	-	-
Additional Drought relief for Boreholes	500 000	-	500 000	-	-	-	(440 026)	59 974	59 974	-
Internship recruitment	60 000	-	60 000	-	-	(8 526)	-	51 474	51 474	-
CDW	-	-	-	74 000	-	(74 000)	-	-	-	-
Financial Capacity - AFS	-	-	-	500 000	-	(416 497)	-	83 503	83 503	-
Financial Capacity - AFS software	-	-	-	200 000	-	(200 000)	-	-	-	-
Financial Capacity - Internal Audit	-	-	-	200 000	-	(200 000)	-	-	-	-
Financial Capacity - MSCOA	-	-	-	330 000	-	(330 000)	-	-	-	-
Financial Capacity - SDBIP	-	-	-	200 000	-	(154 487)	-	45 513	45 513	-
Capacity Building	-	120 000	120 000	240 000	-	(120 000)	-	240 000	240 000	-
Additional WC Drought relief for Boreholes	-	-	-	2 000 000	-	-	(161 992)	1 838 008	1 838 008	-
Total Provincial Government Grants	930 690	120 000	1 050 690	5 249 000	(370 690)	(3 008 510)	(602 018)	2 318 472	2 318 472	-
<u>District Municipality</u>										
Central Karoo District Municipality	-	-	-	125 000	-	(125 000)	-	-	-	-
Total District Municipality Grants	-	-	-	125 000	-	(125 000)	-	-	-	-
<u>Other Grant Providers</u>										
Allocations in kind - NT contribution on audit fees	-	-	-	2 327 305	-	(2 327 305)	-	-	-	-
Allocations in kind - Central Karro District Municipality - Training	-	-	-	175 000	-	(175 000)	-	-	-	-
Allocations in kind - MISA - Engineering services	-	-	-	1 083 206	-	(1 083 206)	-	-	-	-
SETA	-	-	-	24 907	-	(24 907)	-	-	-	-
Total Other Grant Providers	-	-	-	3 610 418	-	(3 610 418)	-	-	-	-
Total Grants	1 662 159	120 000	1 782 159	37 945 418	(1 102 159)	(27 476 378)	(10 725 785)	423 255	2 318 472	(1 895 217)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

**APPENDIX C(1) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	6	7	8	12
Revenue - Standard								
Governance and administration	25 483	19 444	44 927	45 436	509	101.1%	178.3%	36 126
Executive and council	7 291	(3 111)	4 180	17 682	13 502	423.0%	242.5%	3 727
Finance and administration	18 192	21 251	39 443	27 450	(11 994)	69.6%	150.9%	31 219
Corporate services	-	1 304	1 304	304	(999)	23.4%	#DIV/0!	1 181
Community and public safety	14 129	(6 774)	7 355	8 670	1 315	117.9%	61.4%	14 897
Community and social services	1 922	870	2 792	1 808	(983)	64.8%	94.1%	2 154
Sport and recreation	-	321	321	41	(281)	12.7%	#DIV/0!	283
Public safety	1 468	2 774	4 242	6 821	2 579	160.8%	464.6%	12 460
Housing	10 739	(10 739)	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	7 334	(4 496)	2 838	1 187	(1 651)	41.8%	16.2%	3 001
Planning and development	571	(171)	400	-	(400)	-	-	300
Road transport	6 762	(4 324)	2 438	1 187	(1 251)	48.7%	17.6%	2 701
Environmental protection	-	-	-	-	-	-	-	-
Trading services	21 707	2 397	24 104	21 180	(2 924)	87.9%	97.6%	28 192
Electricity	13 565	(639)	12 926	13 441	515	104.0%	99.1%	15 976
Water	3 826	749	4 575	3 319	(1 256)	72.5%	86.7%	5 048
Waste water management	2 637	1 357	3 994	2 906	(1 088)	72.8%	110.2%	4 474
Waste management	1 479	1 130	2 609	1 515	(1 094)	58.1%	102.4%	2 693
Other	200	(200)	-	-	-	-	-	-
Total Revenue - Standard	68 652	10 572	79 224	76 473	(2 751)	96.5%	111.4%	82 216

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	6	7	8	12
Expenditure - Standard								
Governance and administration	24 569	11 931	36 500	26 912	(9 588)	73.7%	109.5%	21 905
Executive and council	6 952	259	7 210	6 928	(282)	96.1%	99.7%	5 488
Finance and administration	17 618	6 779	24 397	15 454	(8 943)	63.3%	87.7%	12 316
Corporate services	-	4 893	4 893	4 530	(363)	92.6%	#DIV/0!	4 101
Community and public safety	14 847	(5 456)	9 391	11 534	2 143	122.8%	77.7%	15 277
Community and social services	1 911	1 579	3 490	2 955	(536)	84.7%	154.6%	2 723
Sport and recreation	728	166	895	698	(197)	78.0%	95.8%	465
Public safety	1 469	3 537	5 006	7 881	2 875	157.4%	536.5%	12 089
Housing	10 739	(10 739)	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	9 562	(4 586)	4 976	6 821	1 845	137.1%	71.3%	5 311
Planning and development	571	(179)	393	344	(49)	87.5%	60.1%	118
Road transport	8 991	(4 407)	4 583	6 477	1 894	141.3%	72.0%	5 194
Environmental protection	-	-	-	-	-	-	-	-
Trading services	19 374	920	20 294	22 138	1 844	109.1%	114.3%	21 127
Electricity	10 090	1 292	11 382	11 417	36	100.3%	113.2%	10 775
Water	4 007	(12)	3 995	3 337	(657)	83.5%	83.3%	2 971
Waste water management	3 259	(155)	3 104	2 401	(704)	77.3%	73.7%	2 238
Waste management	1 818	(5)	1 813	4 983	3 170	274.8%	274.1%	5 143
Other	200	(200)	-	-	-	-	-	-
Total Expenditure - Standard	68 352	2 809	71 161	67 405	(3 756)	94.7%	98.6%	63 621
Surplus/(Deficit) for the year	300	7 763	8 062	9 068	1 005	1.8%	12.8%	18 596

**APPENDIX C(2) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Vote Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	6	7	8	12
Revenue by Vote								
Vote 1 - Executive and Council	7 291	(3 111)	4 180	17 682	13 502	423.0%	242.5%	3 727
Vote 2 - Director Finance	12 898	26 545	39 443	27 450	(11 994)	69.6%	212.8%	31 219
Vote 3 - Director Corporate	5 939	(4 235)	1 704	304	(1 399)	17.9%	5.1%	1 481
Vote 4 - Director Community	19 200	(11 846)	7 355	8 670	1 315	117.9%	45.2%	14 897
Vote 5 - Director Technical Services	23 324	3 218	26 542	22 367	(4 175)	84.3%	95.9%	30 893
Total Revenue by Vote	68 652	10 572	79 224	76 473	(2 751)	142.5%	120.3%	82 216
Expenditure by Vote to be appropriated								
Vote 1 - Executive and Council	6 952	258	7 210	6 928	(281)	96.1%	99.7%	5 488
Vote 2 - Director Finance	10 037	14 790	24 827	16 648	(8 179)	67.1%	165.9%	13 109
Vote 3 - Director Corporate	7 936	(2 650)	5 286	4 874	(412)	92.2%	61.4%	4 218
Vote 4 - Director Community	18 929	(9 537)	9 391	11 534	2 142	122.8%	60.9%	15 277
Vote 5 - Director Technical Services	24 499	(52)	24 447	27 421	2 974	112.2%	111.9%	25 528
Total Expenditure by Vote	68 352	2 809	71 161	67 405	(3 756)	0.0%	0.0%	63 621
Surplus/(Deficit) for the year	300	7 763	8 062	9 068	1 005	0.0%	0.0%	18 596

**APPENDIX C(3) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
REVENUE AND EXPENDITURE**

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	6	7	8	12
Revenue By Source								
Property rates	3 060	–	3 060	3 166	106	103.5%	103.5%	2 873
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–
Service charges - electricity revenue	13 565	(380)	13 185	13 441	256	101.9%	99.1%	13 268
Service charges - water revenue	3 826	(671)	3 155	3 319	164	105.2%	86.8%	3 628
Service charges - sanitation revenue	2 637	(43)	2 594	2 906	312	112.0%	110.2%	2 554
Service charges - refuse revenue	1 479	(46)	1 433	1 537	104	107.3%	103.9%	1 470
Service charges - other	–	–	–	–	–	–	–	–
Rental of facilities and equipment	438	24	462	487	25	105.5%	111.2%	398
Interest earned - external investments	1 060	1 320	2 380	2 588	208	108.8%	244.2%	2 283
Interest earned - outstanding debtors	780	(250)	530	573	43	108.2%	73.5%	510
Dividends received	–	–	–	–	–	–	–	–
Fines	4 013	(300)	3 713	6 512	2 800	175.4%	162.3%	11 925
Licences and permits	180	28	208	262	54	125.9%	145.5%	263
Agency services	–	–	–	–	–	–	–	–
Transfers recognised - operational	36 050	(952)	35 098	23 896	(11 203)	68.1%	66.3%	23 427
Other revenue	1 565	3 613	5 178	959	(4 219)	18.5%	61.3%	4 879
Gains on disposal of PPE	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	68 652	2 343	70 995	59 646	(11 349)	0.0%	0.0%	67 479

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	6	7	8	12
Expenditure By Type								
Employee related costs	18 610	(719)	17 891	20 338	2 447	113.7%	109.3%	15 573
Remuneration of councillors	2 915	-	2 915	2 928	13	100.5%	100.5%	2 627
Debt impairment	5 449	-	5 449	8 658	3 209	158.9%	158.9%	11 582
Depreciation & asset impairment	2 813	-	2 813	5 463	2 650	194.2%	194.2%	5 382
Finance charges	85	(30)	55	1 158	1 103	2105.6%	1362.5%	1 294
Bulk purchases	8 474	(574)	7 900	9 522	1 622	120.5%	112.4%	9 730
Other materials	2 034	(28)	2 006	1 178	(828)	58.7%	57.9%	1 038
Contracted services	18 258	(10 516)	7 743	7 150	(593)	92.3%	39.2%	7 608
Transfers and grants	-	-	-	380	380	#DIV/0!	#DIV/0!	115
Other expenditure	9 714	14 675	24 389	8 721	(15 668)	35.8%	89.8%	8 625
Loss on disposal of PPE	-	-	-	1 931	1 931	#DIV/0!	#DIV/0!	(0)
Total Expenditure	68 352	2 809	71 161	67 428	(3 733)	0.0%	0.0%	63 572
Surplus/(Deficit)	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	8 228	8 228	10 726	2 497	130.3%	#DIV/0!	14 690
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	300	7 763	8 062	2 944	(5 119)	0.0%	0.0%	18 596

APPENDIX C(4) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Vote Description	2017/18							2016/17
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	6	7	8	12
Single-year expenditure								
Vote 1 - Executive and Council	300	735	1 035	86	(949)	8%	29%	-
Vote 2 - Director Finance	-	690	690	419	(270)	61%	#DIV/0!	691
Vote 3 - Director Corporate	-	-	-	27	27	#DIV/0!	#DIV/0!	-
Vote 4 - Director Community	492	138	630	148	(482)	23%	30%	1 209
Vote 5 - Director Technical Services	7 736	7 292	15 029	10 701	(4 327)	71%	138%	11 321
Capital single-year expenditure	8 529	8 855	17 383	11 381	(6 002)	0%	0%	13 221
Total Capital Expenditure - Vote	8 529	8 855	17 383	11 381	(6 002)	0%	0%	13 221

Vote Description	2017/18							2016/17
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	6	7	8	12
Capital Expenditure - Standard								
Governance and administration	300	1 270	1 570	1 140	(429)	73%	380%	1 280
Executive and council	300	735	1 035	693	(342)	67%	231%	-
Finance and administration	-	535	535	419	(115)	78%	#DIV/0!	1 280
Corporate services	-	-	-	27	27	#DIV/0!	#DIV/0!	-
Community and public safety	492	138	630	148	(482)	23%	30%	2 621
Community and social services	-	-	-	88	88	#DIV/0!	#DIV/0!	1 209
Sport and recreation	492	138	630	60	(570)	10%	12%	1 412
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	4 648	(1 252)	3 396	2 637	(759)	78%	57%	269
Planning and development	-	-	-	-	-	-	-	-
Road transport	4 648	(1 252)	3 396	2 637	(759)	78%	57%	269
Environmental protection	-	-	-	-	-	-	-	-
Trading services	3 088	8 699	11 787	7 456	(4 331)	63%	241%	11 046
Electricity	1 000	3 550	4 550	3 037	(1 513)	67%	304%	878
Water	1 500	4 994	6 494	403	(6 092)	6%	27%	2 841
Waste water management	-	-	-	3 496	3 496	#DIV/0!	#DIV/0!	7 328
Waste management	588	-	588	520	(68)	88%	88%	-
Other	-	155	155	-	(155)	-	-	-
Total Capital Expenditure - Standard	8 528	8 855	17 383	11 381	(6 002)	0%	0%	13 937
Funded by:								
National Government	8 228	-	8 228	8 228	-	100%	100%	8 643
Provincial Government	-	2 000	2 000	2 000	-	100%	#DIV/0!	6 174
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	8 228	2 000	10 228	10 228	-	100%	124%	14 816
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	-	-	7 155	1 152	(6 002)	16%	#DIV/0!	(1 595)
Total Capital Funding	8 228	2 000	17 383	11 381	(6 002)	0%	0%	13 221

APPENDIX C(5) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
CASH FLOWS

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalities and collection charges	3 060	-	3 060	25 693	22 633	88.1%	#DIV/0!	18 112
Service charges	21 508	-	20 368	-	(20 368)	#DIV/0!	#DIV/0!	-
Other revenue	6 598	-	9 963	-	(9 963)	#DIV/0!	#DIV/0!	-
Government - operating	35 646	-	34 694	23 751	(10 943)	-46.1%	#DIV/0!	23 427
Government - capital	-	-	-	10 609	10 609	100.0%	#DIV/0!	14 690
Interest	1 840	-	2 910	3 162	252	8.0%	#DIV/0!	2 793
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(65 617)	-	(68 492)	(53 206)	15 286	-28.7%	#DIV/0!	(41 233)
Finance charges	(85)	-	(55)	(1 158)	(1 103)	95.3%	#DIV/0!	(1 294)
Transfers and Grants	(2 650)	-	-	(380)	(380)	100.0%	#DIV/0!	(115)
NET CASH FROM/(USED) OPERATING ACTIVITIES	300	-	2 448	8 470	6 022	0.0%	0.0%	16 379
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on Disposal of Fixed Assets	-	-	-	449	449	100.0%	#DIV/0!	-
Purchase of Intangible Assets	-	-	-	(21)	(21)	100.0%	#DIV/0!	(23)
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	-	-	-	(10 841)	(10 841)	100.0%	#DIV/0!	(15 773)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	-	-	(10 413)	(10 413)	100.0%	#DIV/0!	(15 795)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	(69)	(69)	100.0%	#DIV/0!	(70)
Borrowing long term/refinancing	-	-	-	-	-	-	-	132
Increase (decrease) in consumer deposits	-	-	-	15	15	100.0%	#DIV/0!	18
Payments								
Repayment of borrowing	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	(54)	(54)	100.0%	#DIV/0!	79
NET INCREASE/ (DECREASE) IN CASH HELD	300	-	2 448	(1 997)				663
Cash/cash equivalents at the year begin:	28 259	-	27 952	27 412				26 748
Cash/cash equivalents at the year end:	28 559	-	30 400	25 414	(4 986)	-19.6%	#DIV/0!	27 412

**APPENDIX D - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF SCM DEVIATIONS FOR THE YEAR ENDED 30 JUNE 2018**

SUPPLIER	GOODS / SERVICES	AMOUNT Exclusive of VAT	REASON
FILCO ENGINEERING SUPPLIES	It was impractical to obtain more than one quote seeing that it was a strip and quote.	2 426.00	Impractical
RADIO GAMKALAND	It was impractical to obtain more than one quote seeing that it was a strip and quote.	4 500.00	Impractical
SS SWEIS EN HERSTEL	It was impractical to obtain more than one quote seeing that it was a strip and quote.	2 287.66	Impractical
KIA GEORGE MULTIFRANCHISE	The vehicle was under a service plan at Kia.	5 431.43	Impractical
ADV S LOURENS	Mr. S Louwrens are used seeing that he was familiar with the disciplinary hearing of Mr. Meintjies.	29 820.00	Impractical
PAY DAY	It is the payroll service provider of the municipality.	16 118.00	Impractical
OUDTSHOORN FORD	The vehicle was under a service plan at Ford.	8 445.40	Impractical
JAN NEL ELEKTRIES	The only service provider that could have performed the work in due time.	15 542.50	Emergency
KONTREI ELECTRICAL CONSULTANTS	The only service provider that could have performed the work in due time.	44 628.70	Emergency
AUTO ELECTRO	It was impractical to obtain more than one quote seeing that it was a strip and quote.	2 500.00	Impractical
NATIONAL GARAGE	Only one of two service providers that sell prepaid electricity on behalf of the Municipality.	32 911.24	Impractical
AUTO TECH	It was impractical to obtain more than one quote seeing that it was a strip and quote.	12 264.28	Impractical
CAB HOLDINGS	In the process to appoint service provider, but had to print out the monthly billings.	4 594.61	Impractical
	Total	181 470	